Future Bright Mining Holdings Limited
高鵬礦業控股有限公司

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
(Stock Code 股份代號：2212)

ANNUAL REPORT
2018 年報

CONTENTS

CORPORATE INFORMATION

DIRECTORS

Executive Directors
Liu Jie *(Chairperson)*
Chen Gang (Note 1)
Hu Guoan (Note 3)
Hu Minglong *(Former Chief Executive Officer)* (Note 4)
Li Yuguo (Note 5)
Rao Dacheng
Wan Tat Wai David (Note 6)
Yang Xiaoqiu (Note 1)
Zhang Decong (Note 6)
Zheng Fengwei (Note 3)

Non-Executive Director
Yang Xiaoqiang *(Vice Chairman)* (Note 5)

Independent Non-Executive Directors
Chen Xun (Note 5)
Chow Hiu Tung (Note 6)
Hu Minglong (Note 4)
Lai Kwok Leung (Note 6)
Lau Chi Pang (Note 5)
Lau Tai Chim (Note 6)
Liu Shuyan (Note 5)
Zhang Yijun (Note 5)

Alternate Director
Yuan Shan *(alternate director to Zhang Decong)* (Note 6)

COMPANY SECRETARY

Ho Yuk Ming Hugo (Note 8)
Wu Ho Wai (Note 7)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

16th Floor
Guangdong Finance Building
88 Connaught Road West
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 718, No.189 Shuijing Road
Nanzhang County, Xiangyang City
Hubei Province, the PRC

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

AUDIT COMMITTEE

Liu Shuyan *(Chairman)* (Note 5)
Chen Xun (Note 5)
Chow Hiu Tung (Note 6)
Hu Minglong (Note 4)
(Ceased to be a member on 19 September 2018)
Lai Kwok Leung (Note 6)
Lau Chi Pang (Note 5)
Lau Tai Chim (Note 6)
Zhang Yijun (Note 5)

NOMINATION COMMITTEE

Chen Xun *(Chairman)* (Note 5)
Hu Minglong (Note 4)
(Ceased to be a member on 19 September 2018)
Lai Kwok Leung (Note 6)
Lau Chi Pang (Note 5)
Lau Tai Chim (Note 6)
Liu Shuyan (Note 5)
Zhang Yijun (Note 5)

REMUNERATION COMMITTEE

Chen Xun *(Chairman)* (Note 5)
Chow Hiu Tung (Note 6)
Hu Minglong (Note 4)
(Ceased to be a member on 19 September 2018)
Lai Kwok Leung (Note 6)
Lau Chi Pang (Note 5)
Lau Tai Chim (Note 6)
Liu Shuyan (Note 5)
Zhang Yijun (Note 5)

AUTHORIZED REPRESENTATIVES

Ho Yuk Ming Hugo (Note 8)
Wu Ho Wai (Note 7)
Yang Xiaoqiu (Note 1)
Zheng Fengwei (Note 2)

PRINCIPAL BANKERS

China Construction Bank (Asia) Corporation Company Limited

LEGAL ADVISER AS TO HONG KONG LAWS

Raymond Siu & Lawyers

AUDITORS

Ernst & Young

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman
KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

WEBSITE

http://www.futurebrightltd.com
(information contained in this website does not form part of this report)

Note 1: Appointed on 8 February 2018
Note 2: Resigned with effect from 8 February 2018
Note 3: Retired with effect from 8 June 2018
Note 4: Appointed on 8 February 2018 and re-designated as Executive Director and Chief Executive Officer on 19 September 2018 and resigned as Chief Executive Officer on 26 October 2018
Note 5: Appointed on 19 September 2018
Note 6: Resigned with effect from 19 September 2018
Note 7: Appointed on 25 October 2018
Note 8: Resigned with effect from 25 October 2018

KEY FINANCIAL HIGHLIGHTS

	2018 RMB'000	2017 RMB'000	Change
RESULTS			
Revenue	**38,746**	42,540	(8.92%)
Gross profit	**8,506**	9,930	(14.34%)
Loss before tax	**(49,766)**	(42,397)	17.38%
Income tax credit/(expense)	**113**	(831)	(113.60%)
Loss for the year	**(49,653)**	(43,228)	14.86%
Loss attributable to owners of the Company	**(49,528)**	(43,171)	14.73%
Basic and diluted loss per share	**RMB1.28 cents**	RMB1.16 cents	10.34%

	2018 RMB'000	2017 RMB'000	Change
KEY ITEMS IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the Company	**83,089**	129,695	(35.94%)
Total assets	**111,971**	143,644	(22.05%)
Net assets per share	**RMB0.023**	RMB0.035	(34.29%)

	2018	2017	Change
OPERATION SUMMARY			
Marble blocks production volume (M^3)	**5,526**	4,912	12.50%
Marble blocks Sales volume (M^3)	**3,824**	6,485	(41.03%)
Marble blocks Average sale price, excluding VAT (RMB)	**2,575**	2,325	10.75%

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Future Bright Mining Holdings Limited (the "**Company**"), I am pleased to submit the annual report ("**this report**") of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2018 (the "**Year**").

During the Year, the operating revenue of the Group was approximately RMB38.75 million, representing a decrease of approximately 8.92% from approximately RMB42.54 million in the last year. The decrease in revenue was mainly due to the decrease in revenue generated from the sale of marble blocks during the Year. The loss attributable to owners of the Company has been significantly increased to approximately RMB49.53 million for the Year (2017: loss of approximately RMB43.17 million) as a result of the increase in the operating costs such as selling and administrative expenses and impairment losses on financial assets and non-financial assets recognised during the Year.

During the Year, we have been focusing on the development of the Yiduoyan Project, which is an open pit mine located in Hubei Province of the People's Republic of China (the "**PRC**"). A total of 5,526 m^3 of marble blocks had already been produced and 3,824 m^3 of marble blocks had already been sold. Moreover, the Group has been actively exploring opportunities to enhance the variety of marble and marble-related products provided by the Group by acquiring companies that hold mining licenses for marble projects in the PRC.

Apart from sale of marble blocks, the Group engages in the trading of commodities business. During the Year, the Group had three joint venture companies in Hong Kong and the PRC which are principally engaged in the wholesale of non-metallic ore, mineral products and construction materials and the retail sale of ceramic and stone decoration materials, the trading and processing of lithium ores, and the trading of non-ferrous metals ores. In order to focus on our core business, we have disposed of two joint venture companies in Hong Kong subsequent to the end of the reporting period. In addition, the Group also engaged in money lending business as a holder of the Money Lenders License under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong). Due to the keen market competition and challenging environment, risks associated with the possible default by the borrowers and decline in loan interest rates, we have disposed of the relevant member of the Group and ceased the operation of money lending business subsequent to the end of the reporting period.

We will continue to explore new investment opportunities around the PRC, hoping to further expand the Group's scale, widen its asset base and increase its profitability through mergers and acquisitions, with the aim of bringing stable, long-term high returns to our shareholders.

Lastly, on behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their continuous support and confidence in the Group. I must also thank our staff for their efforts and dedication. Our people are the backbone of our Group and the architects of our future.

Liu Jie
Chairperson

Hong Kong, 28 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Year, the Group's operating revenue was approximately RMB38.75 million, which represented a decrease of approximately 8.92% as compared to the operating revenue of approximately RMB42.54 million for the year of 2017 (the "**FY2017**"). The decrease in revenue was mainly due to the decrease in revenue generated from sale of marble blocks during the Year. The following table sets forth the breakdown of the Group's revenue by product categories for the Year:

		2018			2017	
	RMB'000	**Percentage to total revenue**	**Gross profit margin**	RMB'000	Percentage to total revenue	Gross profit margin
Marble blocks	**7,854**	**20.27%**	**71.45%**	15,079	35.45%	55.50%
Commodity trading	**30,892**	**79.73%**	**9.37%**	27,461	64.55%	5.68%
Total	**38,746**	**100%**	**21.95%**	42,540	100%	23.34%

Cost of Sales

The Group's cost of sales decreased from approximately RMB32.61 million for FY2017 to approximately RMB30.24 million for the Year, representing a decrease of approximately 7.27%. This was in line with less sales recorded for the Year. The cost of sales represented costs of products purchased from third parties, which represented approximately 92.58% of the total cost of sales, and the marble blocks mining costs, which represented approximately 7.42% of the total cost of sales and mainly included mining labour costs, materials consumption, fuel, electricity, depreciation of production equipment and amortisation of mining rights.

Gross Profit and Gross Profit Margin

The gross profit of the Group amounted to approximately RMB8.51 million and the gross profit margin was approximately 21.95% for the Year, which represented a decrease of approximately 14.34% as compared with gross profit for FY2017 of approximately RMB9.93 million (FY2017: gross profit margin of approximately 23.34%). The decrease in gross profit margin was mainly due to the significant drop in the sales of marble blocks which in turn lead to the decrease in average gross profit margin of the Group.

Other Income and Gains

Other income and gains for the Year were approximately RMB1.82 million, which represented a decrease of approximately RMB0.29 million as compared to the other income and gains of approximately RMB2.11 million for the FY2017. The decrease was mainly due to the absence of the foreign exchange gain during the Year (FY2017: foreign exchange gain of approximately RMB1.18 million). The interest income generated from the money lending business in the Year amounted to approximately RMB1.36 million (FY2017: RMB0.50 million). Other income and gains mainly comprised the bank interest income, loan interest income, and rendering of services income during the Year.

Selling and Distribution Expenses

Selling and distribution expenses, which mainly consisted of transportation fee, salaries and wages of the Group's sales and distribution staff and their entertainment and travelling expenses, were approximately RMB6.62 million for the Year (FY2017: approximately RMB2.25 million), representing approximately 17.09% of the revenue for the Year (FY2017: approximately 5.29%).

Administrative Expenses

Administrative expenses decreased significantly by approximately RMB27.74 million or 56.69% from approximately RMB48.93 million for the FY2017 to approximately RMB21.19 million for the Year. The decrease was mainly due to no share option being granted during the Year. Administrative expenses mainly included the legal and professional fees, consultancy fees, rental and salaries of staff.

Other Expenses

Other expenses mainly included charitable donations and impairment losses on non-financial assets for the Year. Charitable donations made by the Group during the Year amounted to approximately HK$1.51 million (FY2017: HK$2.40 million). As at 31 December 2018, the Directors performed impairment assessment on the non-financial assets of the marble block operating segment and the goodwill allocated to the money lending segment, and impairments of RMB16.11 million and RMB4.45 million have been provided for respectively during the Year (FY2017: Nil).

Losses on Change in Fair Value of Financial Assets at Fair Values Through Profit or Loss

As at 31 December 2018, the Group had current equity investments at fair value through profit or loss of approximately RMB8.77 million which were investments in various listed shares (FY2017: RMB11.49 million). The Group recorded net fair value loss of the equity investments of approximately RMB2.34 million for the Year (FY2017: loss of RMB1.07 million).

Loss Attributable to Owners of the Company

In view of the above factors, loss attributable to owners of the Company was approximately RMB49.53 million for the Year (FY2017: loss of approximately RMB43.17 million). The increase of loss was mainly attributable to the increase in the selling and distribution expenses and impairment losses on financial assets and non-financial assets during the Year.

Consolidated Statements of Financial Position of the Company

As at 31 December 2018, the Group had net current assets of approximately RMB63.37 million (as at 31 December 2017: approximately RMB80.19 million) and total assets less current liabilities of approximately RMB97.91 million (as at 31 December 2017: approximately RMB140.56 million). The decrease in net assets was mainly attributable to the loss for the Year.

MARKET REVIEW

In 2018, social and economic development in China encountered an important transformation period, as growth in national economy shifted from a fast pace to a moderately fast pace as the new norm. In line with the growth of environmental awareness and the fact that the Chinese government continued to deepen environmental policies, marble blocks as part of the traditional resource-driven industry were somehow affected by the relevant governmental policies in 2018.

Currently, plastics, ceramic and other building materials, which are widely applied in the market, also enjoy certain market share among the merchants of building decors. However, marbles remain as the primary choice for building decor projects due to its uniquely natural strength. In particular, in line with booming building and decor businesses in the domestic market, marble products undoubtedly represent the primary choice for outdoor landscape designs and interior decors and renovation projects. Due to a growing market demand for various types and specifications of marble products, the marble industry should capitalise on the advantages of the clustering effects to improve its industrial and market position based on the requirements of the environmental ecosystem and sustainable development.

Looking into the future, we believe that the "Belt and Road" initiative represents a potential to drive global trading activities in the future, and may have positive effects on the trading of commodities, which in return will create favorable market conditions for the industry of marble products in China.

BUSINESS REVIEW

Marble and Marble-related Business

During the Year, we have been focusing on the development of the Yiduoyan Project, which is an open pit mine located in Hubei Province of the People's Republic of China (the "**PRC**"). A total of 5,526 m^3 of marble blocks had already been produced and 3,824 m^3 of marble blocks had already been sold. The revenue generated from this business segment during the Year amounted to approximately RMB7.8 million.

We will increase product varieties and recognition through industry exchanges. In addition, we will actively locate new business opportunities from time to time and conduct selective acquisitions in order to diversify our business. We will strive to recruit more talents with extensive industry expertise to further enhance our competitiveness. Our objective is to become a well-known marble blocks supplier in the PRC.

Trading of Commodities Business

We have a business segment on the trading of commodities which are mainly metal ore products and granite slabs and the revenue generated from commodity trading business in the Year amounted to approximately RMB30.89 million. During the Year, the Group has three joint venture companies in Hong Kong and the PRC which are principally engaged in the trading of commodities. In order to focus on our core business, we have disposed of two joint venture companies in Hong Kong subsequent to the end of the reporting period, details of which are set out in the announcements of the Company dated 15 March 2019 and 22 March 2019.

Money Lending Business

During the Year, the Group also engaged in money lending business as a holder of the Money Lenders License under the Money Lenders Ordinance (Cap 163 of the Laws of Hong Kong). The other income generated from this business segment during the Year amounted to approximately RMB1.36 million.

Subsequent to the end of the reporting period, the Group entered into a sale and purchase agreement to dispose of the entire issued share capital of the subsidiary in order to focus on the core business, details of which had been set out in the announcement of the Company dated 20 March 2019.

MAJOR EXPLORATION, DEVELOPMENT AND PRODUCTION ACTIVITIES

Mineral Exploration

We have completed the mineral exploration works before the Yiduoyan marble mine of the Company commenced commercial production on 1 September 2014.

For the Year, no further mineral exploration was carried out. As a result, there was no expenditure on mineral exploration.

Development

In March 2018, we provided all the staffs of the Company with training related to production safety and occupational health as well as work resumption training, and conducted assessment before work resumption. Those who failed in the assessment were retrained and took exams again. Moreover, all staff have undergone occupational health examination. As such, we further consummated the staff training and examination files and occupational health records. In April 2018, we required all staffs to carry out self-examination and rectification on mining safety hazards, and carried on thorough inspection and maintenance for all production equipment to ensure that they operate safely in the production process; and we also screened, assessed and eliminated potential risks of the mine.

For the Year, the Group recorded safety production expenditure of approximately RMB621,700 with respect to the expansion of Yiduoyan marble mine, which mainly comprised the procurement and preparation of production safety signs, distribution of labour protection supplies, regular education and training for production safety, safety rescue agreement, education and training for occupational health, occupational health check, repair and maintenance of production equipments and machineries, technical consulting service fee for environmental assessment, soil and water conservation scheme, mine resources, mine safety and extension of safety production permit.

The detailed classification of development expenditures during the Year is as follows:

	2018 RMB'000
Production safety signs	2.8
Labour protection supplies	5
Education and training for production safety	0.8
Safety rescue agreement	8
Education and training for occupational health	5.6
Technical consulting service fee for environmental assessment	120
Production safety liability insurance	8.5
Technical consultation service fee for mine safety	15
Occupational health check	5
Repair and maintenance of production equipments and machineries	101
Consultation service fee for soil and water conservation scheme	120
Consultation fee for extension of safety production permit	80
Technical consultation service fee for mine resources	150
	621.7

Mining Operation

During the Year, we carried out the destocking of marble block inventories of the mine. As at 31 December 2018, we had realised sales of 3,824 m^3 of marble blocks. In the first half of the Year, we had conducted detailed inspection, testing and preparation works on 540,532,524 horizontal platforms respectively and two mining benches. During the Year, our Yiduoyan marble mine block production amounted to 5,526 m^3. It also laid a solid foundation for the commencement of mining operation next year.

During the Year, the expenditure on mining activities of the Group was approximately RMB6,927,869. The expenditure of mining activities was approximately RMB1,254 per m^3 (2017: approximately RMB1,047 per m^3).

RESOURCE AND RESERVE

Our Yiduoyan Project is an open pit mine located in Hubei Province of the PRC. Currently, the Group holds the mining permit of the Yiduoyan Project with permitted production capacity of 20,000 m^3 per annum for a term of 10 years (which will expire on 30 December 2021 and can be extended for another 10 years to 30 December 2031 according to the applicable PRC laws and regulations), covering an area of approximately 0.5209 km^2. The Yiduoyan Project contains marble resources with resource expansion potential through exploration according to the independent technical report dated 29 December 2014 (the "**Independent Technical Report**") prepared by SRK Consulting (Hong Kong) Limited set out in Appendix IV to the prospectus of the Company dated 29 December 2014 (the "**Prospectus**").

Yiduoyan Project's marble resource statement as at 31 December 2018

Resource Category	White marble V-1 (million m^3)	Grey marble V-2 (million m^3)	Total (million m^3)
Inferred	1.80	1.50	3.30
Indicated	5.48	1.80	7.28
Total	7.28	3.30	10.58

Yiduoyan Project's marble reserve statement as at 31 December 2018

Reserve Category	White marble V-1 (million m^3)	Grey marble V-2 (million m^3)	Total (million m^3)
Probable	0.86	0.04	0.90

Note:

(1) The above table summarises the marble resource and reserve estimates prepared in accordance with JORC Code (2012 Edition) and are based on the Independent Technical Report.

(2) There was no material change in these estimates during the period from 30 June 2014 to 31 December 2018.

(3) Please refer to the Prospectus for the assumptions and methods used for making the above estimated resources and reserves.

MAJOR ACQUISITION AND DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 3 May 2018, Guangdong Future Bright Materials Limited* (廣東高鵬建材有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company, entered into a non-legally binding memorandum of understanding in connection with the proposed acquisition of 51% equity interest in Huaian County Huaxin Mining Company Limited* (懷安縣華鑫礦業有限公司) ("**Target Company**"). The Target Company is a limited liability company established in the PRC on 22 October 2008 with registered capital of RMB5 million and with 525,000 m^3 of marble resource and 0.060 km^2 of marble mines, and is engaged in drilling, processing and sales of diabase for construction in the PRC. The terms of the proposed acquisition are subject to further negotiation and the signing of a formal sale and purchase agreement within 180 days after the date of the memorandum of understanding or such longer period as extended by mutual agreement between the parties. For details, please refer to the announcements of the Company dated 3 May 2018. After the expiry of the 180 days and up to the date of this report, there was no formal sale and purchase agreement signed.

* For identification purpose only

On 28 May 2018, the Company announced that, as no formal sale and purchase agreement has been entered into between Xiangyang Future Bright Mining Limited* (襄陽高鵬礦業有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and Mr. Wu Yuanwang* (吳元旺) in connection with the proposed acquisition of 51% equity interest in Jiangxi Yi Wang Mining Company Limited* (江西億旺礦業有限公司) within the exclusivity period, the memorandum of understanding has been automatically terminated. For details, please refer to the Company's announcements dated 15 November 2017 and 28 May 2018.

Save as disclosed above, there were no material acquisitions or disposals of subsidiaries, associates or joint ventures by the Group during the Year.

PRINCIPAL RISKS AND UNCERTAINTIES

Limited operating history

The Yiduoyan Project is still in the development stage where full-scale site construction is currently taking place. Our limited operating history makes the evaluation of our business and prediction of our future operating results and prospects difficult.

As a developing mining company with a limited operating history, we cannot guarantee that we will generate revenue and achieve growth in our business as planned.

Single mining project

We have only one mining project, the Yiduoyan Project. We expect the Yiduoyan Project will remain our only operating mine in the near future upon which we will depend on for the majority of our operating revenue and cash flows. The Yiduoyan Project is in the development stage where full-scale site construction is currently taking place, and its operations are subject to a number of operating risks and hazards as described below. As such, the Yiduoyan Project may not ultimately become profitable. If we fail to derive the expected economic benefits from the Yiduoyan Project due to any delay or difficulty in its development, the occurrence of any event that causes it to operate at less-than-optimal capacity or any other negative development as described below, our business, financial condition and results of operations could be materially and adversely affected.

Inherently high-risk industry

The mining industry in which we operate inherently has a high level of risk. The risk we face is an accumulated risk due to factors such as the nature of the ore body and surrounding rock, colour variation, quality variation, natural disasters, environmental, geotechnical and hydrological risks, health and safety and variations such as joints and fractures that may affect mining and processing.

Marble volume estimations are not exact calculations of the actual physical marble units but are rather an analysis of the returned results from drill core samples. In this respect, even if the sampling density is high, the sample population is still very small as compared with the possible mass of the entire deposit. Therefore, any estimation of resource and reserve based on this sample data will have inherent errors. The final or actual mined volume may not precisely match the estimated results. In particular, in the Yiduoyan Project, the benches have provided a limited amount of information on colour and texture. Similarly, error factors exist in any calculations of capital and operating costs for the development phase of the Yiduoyan Project, as not all the parameters affecting these estimates can be accurately defined or valued for future events. Mining operation incomes are also affected by the variations of the sale price of marble, transportation costs, fluctuations in the construction industry and other market instabilities.

Should we fail to manage the above risks or should any of the foregoing inherent risk materialise, our operation may be disrupted and we may be unable to bring the Yiduoyan Project into full-scale commercial production. In such case, our business and results of operations may be materially and adversely affected.

* For identification purpose only

Limited number of customers

A limited number of customers have, historically, consistently accounted for a significant portion of our revenues. Accordingly, our success will depend on our continued ability to develop and manage relationships with major customers, and we expect that the majority of our revenues will continue to depend on sales of our products to a limited number of customers in the foreseeable future. In the event that any of these customers substantially reduce the quantity of their purchase order notwithstanding the minimum quantity they are obliged to purchase or otherwise terminate their business relation with us entirely, our business and results of operations may be materially and adversely affected if we are unable to find substitute customers in a timely manner.

Operating risks and hazards

Our mining operations are subject to a number of operating risks and hazards, some of which are beyond our control. These operating risks and hazards include: (i) unexpected maintenance or technical problems; (ii) interruptions of our mining operations due to unfavourable weather conditions and natural disasters (such as earthquakes, floods and landslides); (iii) accidents; (iv) electricity or water supplies interruptions; (v) critical equipment failures in our mining operations; and (vi) unusual or unexpected variations in the mine and geological or mining conditions, such as instability of the slopes and subsidence of the working areas. These risks and hazards may result in personal injury, damage to, or destruction of production facilities, environmental damages and could temporarily disrupt our operations and damage our business reputation.

Any disruption for a prolonged period to the operations of our mine or production facilities may have a material adverse effect on our business, financial condition and results of operations.

For more details about the general risks and uncertainties facing the Group, please refer to the Prospectus.

In order to minimise the risk of exposure to market risks, we will seek to:

(i) broaden our potential customer base so that even if any of our existing customers are to terminate the sales contract, we can minimize the impact of the loss of any one customer and secure orders from other potential customers to replace any loss of business on comparable terms; and

(ii) lower production rate in response to possible weakening of market demand in order to minimise our risk exposure.

FUTURE PROSPECTS AND DEVELOPMENT

Our objective is to become a well-known supplier of marble blocks in the PRC. We plan to accomplish this goal by pursuing the following strategies:

Develop the Yiduoyan Project

We will continue to develop the Yiduoyan Project. However, in view of the slowdown in economic growth in the PRC, the Company has been slowing down the pace of development of the Yiduoyan Project. The Company did not carry out any exploration activities during the Year and up to the date of this report.

Develop product recognition

We believe that recognition of our marble block products among industry professionals is critical to our development and success. As such, we intend to increase promotion of our marble block products in selected trade and other high-end decorative surfacing stone magazines, as well as attend industry forums, trade fairs and exhibitions to establish communications with industry professionals, major dimension stone processors and construction and decoration companies. Moreover, to achieve further recognition of our marble block products, we plan to market our marble block products for use in landmark construction projects, such as high-end hotels and major commercial buildings, where our marble block products can be prominently displayed and showcased. In doing so, we believe that we will be able to keep abreast of the industry trends, which will enable us to strengthen our corporate profile, enhance our business and achieve product recognition among both industry professionals and end customers.

Expand our resource and reserve through further and selective acquisitions
As part of our future plans for acquisitive growth, we plan to continue to carefully identify and evaluate selective acquisition opportunities. In the long run, we intend to increase our marble resource and reserve further through the acquisition of additional mining permit of marble projects in the PRC.

Develop the commodities trading business
We believe that continued development of the commodities trading business will enable the Group to expand its business portfolio, diversify its income source and possibly enhance its financial performance.

Money lending business
Due to keen market competition and the challenging environment, risks associated with the possible default by the borrowers and decline in loan interest rates, we have disposed of and ceased the operation of our money lending business subsequent to the end of the reporting period.

SEGMENT INFORMATION

Particulars of the Group's segment information are set out in note 4 to the financial statements of this report.

LIQUIDITY, CAPITAL RESOURCES AND GEARING RATIO

During the Year, the Group's liquidity funds were primarily used to invest in the development of our mine and for its operations and such funds were funded by a combination of capital contribution by shareholders as well as cash generated from operation.

As at 31 December 2018, the Group had cash and cash equivalents of approximately RMB2.66 million which were denominated in Hong Kong dollars and Renminbi (2017: approximately RMB19.27 million).

The Group had no borrowings as at 31 December 2018. Therefore, the gearing ratio (defined as long term debt divided by total shareholder's equity) is not applicable. The current ratio of the Group as at 31 December 2018 was approximately 5.51 times as compared to 26.97 times as at 31 December 2017, based on current assets of approximately RMB77.43 million (as at 31 December 2017: approximately RMB83.28 million) and current liabilities of approximately RMB14.06 million (as at 31 December 2017: approximately RMB3.09 million).

CAPITAL STRUCTURE

There had been no material change in the capital structure of the Group since 31 December 2017.

EMPLOYEES

As at 31 December 2018, the Group employed a total of approximately 50 full time employees in Hong Kong and the PRC. The total staff costs (including directors' emoluments) were approximately RMB9.35 million for the Year.

Employees' remuneration packages have been reviewed periodically and determined with reference to the performance of the individual and prevailing market practices. Remuneration packages include basic salaries and other employees' benefits including contributions to statutory mandatory provident funds for our Hong Kong employees, and social insurance together with housing provident funds for our PRC employees. Share options may also be granted to eligible employees.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2018, the Group had authorised, but not contracted for capital commitments of approximately RMB27.75 million, which are primarily for the construction and purchase of property, plant and equipment for our development purpose.

The Group had no significant contingent liabilities as at 31 December 2018.

CHARGES OVER GROUP'S ASSETS

The Group had no charges over the Group's assets as at 31 December 2018.

SIGNIFICANT INVESTMENTS

For the Year, the Group had significant investments in equity securities of companies listed on the Stock Exchange which were classified as held for trading and the performance of such equity securities are as follows:

Stock code	Name of Investee company	Number of shares held	Percentage of share capital owned by the Group	Investment cost (HK$)	Market value as at 31 December 2018 (HK$)	Unrealized gain/(loss) on change in fair value for year ended 31 December 2018 (HK$) (Note 1)
1227	National Investments Fund Limited (Note 2)	21,000,000	0.49%	2,381,583.14	483,000.00	(1,898,583.14)
1323	Newtree Group Holdings Ltd (Note 3)	4,700,000	0.19%	2,099,064.96	2,491,000.00	391,935.04
2312	China Financial Leasing Group Limited (Note 4)	1,980,000	0.12%	775,394.89	752,400.00	(22,994.89)
8085	Hong Kong Life Sciences and Technologies Group Ltd. (Note 5)	3,660,000	0.06%	388,497.18	131,760.00	(256,737.18)
8331	Feishang Non-metal Materials Technology Limited (currently known as Hang Kan Group Limited) (Note 6)	2,200,000	0.33%	1,280,615.29	528,000.00	(752,615.29)
8425	Hing Ming Holdings Limited (Note 7)	3,100,000	0.78%	2,551,194.41	4,495,000.00	1,943,805.59
8437	RMH Holdings Limited (Note 8)	3,656,000	0.61%	1,845,221.36	1,060,240.00	(784,981.36)
8482	Wan Leader International Limited (Note 9)	140,000	0.02%	49,529.18	48,300.00	(1,229.18)
8547	Pacific Legend Group Limited (Note 10)	100,000	0.01%	24,888.91	24,500.00	(388.91)
		Total:		11,395,989.32	10,014,200.00	(1,381,789.32)

Notes:

1. These figures do not take into account the realized gain or loss arising from the disposal of the relevant equity securities during the Year.

2. According to the latest interim report of National Investments Fund Limited, it recorded revenue of approximately HK$8,492,000 and a net loss of approximately HK$21,002,000 for the six months ended 30 June 2018.

3. According to the latest interim report of Newtree Group Holdings Ltd, it recorded revenue of approximately HK$59,838,000 and a net loss of approximately HK$1,757,000 for the six months ended 30 September 2018.

4. According to the latest interim report of China Financial Leasing Group Limited, it recorded revenue of approximately HK$17,000 and a net profit of approximately HK$29,261,000 for the six months ended 30 June 2018.

5. According to the latest quarterly report of Hong Kong Life Sciences and Technologies Group Ltd., it recorded revenue of approximately HK$55,889,000 and a net profit of approximately HK$370,000 for the nine months ended 31 December 2018.

6. According to the latest quarterly report of Feishang Non-metal Materials Technology Limited (currently known as Hangkan Group Limited), it recorded revenue of approximately RMB36,806,000 and a net loss of approximately RMB3,966,000 for the nine months ended 30 September 2018.

7. According to the latest quarterly report of Hing Ming Holdings Limited, it recorded revenue of approximately HK$35,643,000 and a net profit of approximately HK$8,141,000 for the nine months ended 31 December 2018.

8. According to the latest annual report of RMH Holdings Limited, it recorded revenue of approximately $5,433,000 (Singaporean dollar) and a net profit of approximately $1,629,000 (Singaporean dollar) for the nine months ended 30 September 2018.

9. According to the latest quarterly report of Wan Leader International Limited, it recorded revenue of approximately HK$153,205,000 and a net loss of approximately HK$12,141,000 for the nine months ended 31 December 2018.

10. According to the latest quarterly report of Pacific Legend Group Limited, it recorded revenue of approximately HK$180,054,000 and a net loss of approximately HK$24,039,000 for the nine months ended 30 September 2018.

Brief description of principal business and future prospect of investee companies

Name of investee company	Principal business and future prospect
National Investments Fund Limited	Investment in listed and unlisted companies. The businesses invested by the company mainly include the development of bio-pharmaceutical and regenerative medicine systems and products, the provision of corporate finance services, including fund raising, mergers and acquisitions, corporate finance advisory, corporate rescue and security brokerage services, development and farming of forests and development and manufacturing of yachts. As disclosed in the interim report for the six months ended 30 June 2018, National Investments Fund Limited will continue to implement a diversified investment strategies and to identify suitable investment opportunities with potential assets appreciation that will furtherance the investment objectives and policies and also to generate better returns for the group and its shareholders.

Name of investee company	Principal business and future prospect
Newtree Group Holdings Ltd	Wholesale and retail of household consumables, educational technology solutions through online education programs and provision of English language proficiency tests, provision of money lending services, design and development of three-dimensional animations, augmented reality technology application and e-learning Web application and trading of coal products. As disclosed in the interim report for the six months ended 30 September 2018, Newtree Group Holdings Limited has been actively seeking opportunities to diversify its business portfolio by exploring various investments in different sectors, with a target to find new growth drivers to support the long term development.
China Financial Leasing Group Limited	Short to medium term capital appreciation by investing in a diversified portfolio of investments in listed and unlisted securities. As disclosed in the annual report for the year ended 30 June 2018, China Financial Leasing Group Limited will remain cautious and continue to explore investment opportunities to enhance the shareholders' return.
Hong Kong Life Sciences and Technologies Group Ltd.	Engaged in anti-aging and stem cell technology businesses, trading of electronic components and healthcare products, provision loan financing services and investment of securities. As disclosed in the quarterly report for the nine months ended 31 December 2018, Hong Kong Life Sciences and Technologies Group Ltd. will constantly keep reviewing the strategies and operations with a view to improving its business performance. In view of the growth potential in the PRC market, it intends to further develop the business in the PRC. It will also continue to enhance the existing business and explore other business and investment opportunities to diversify the revenue stream and business portfolios to enhance the interest of the shareholders.
Feishang Non-metal Materials Technology Limited (currently known as HangKan Group Limited)	Bentonite mining, production and sales of drilling mud and pelletising clay. As disclosed in the quarterly report for the nine months ended 30 September 2018, Feishang Non-metal Materials Technology Limited intends to continue expanding its customer base and market share by boosting product awareness of pelletising clay, refining its production technology and developing new products with a view to enhancing the overall competitiveness to cope with the unfavorable business environment. On the other hand, the group aims to maintain sales volume of drilling mud by means of improved product quality and adhering to the "selling more with lower margin" strategy.

Name of investee company	Principal business and future prospect
Hing Ming Holdings Limited	Rental of temporary suspended working platforms and other construction equipment, such as tower crane and generator and trading of equipment and spare part such as permanent suspended working platforms, motors and wire rope. As disclosed in the quarterly report for the nine months ended 31 December 2018, Hing Ming Holdings Limited will strive to lead the temporary suspended working platform industry with the offer of high-quality equipment and premium service and will also seize emerging opportunities in the growing equipment rental industry.
RMH Holdings Limited	Leading specialist dermatological and surgical practice accredited by the MOH based in Singapore that offers accessible, comprehensive, quality and specialty care services for a variety of dermatological conditions affecting skin, hair and nails by utilising a wide range of advanced and sophisticated medical, surgical, laser and aesthetic treatments. As disclosed in the quarterly report for nine months ended 30 September 2018, with strong potential in the specialist dermatology and surgical services industry in Singapore, RMH Holdings Limited will continue to seek to enlarge its market share in the dermatological and surgical services industry in Singapore and to build its reputation, grow the "Dermatology & Surgery Clinic" brand and business. It will continue to consolidate its position in the market and achieve a continued growth in its business.
Wan Leader International Limited	Provision of freight forwarding and related logistics services, including reselling cargo space which purchased from airlines' general sales agents, shipping liners and other freight forwarders to direct shippers or respective freight forwarders, which act on behalf of their shipper customers and eventually deliver the goods to the destinations, provision of warehousing and related value-added services, including labelling services and packaging services. As disclosed in the quarterly report for the nine months ended 31 December 2018, Wan Leader International Limited will further strengthen its sales and marketing effort, closely monitor the needs of the customers and carefully control the cost of services as to expand its customer base and achieve sustainable business growth and long-term benefits to its shareholders.
Pacific Legend Group Limited	Sale of home furniture and accessories, rental of home furniture and accessories and project and hospitality services, which typically involve designing, styling, decorating and furnishing commercial or residential properties such as hotels, serviced apartments and showflats. As disclosed in the quarterly report for nine months ended 30 September 2018, Pacific Legend Group Limited will continue to actively search for appropriate store locations in China in line with the plan for use of proceeds from the listing of the company. Timing of this is subject to finding suitable retail locations.

The Group disposed on-market of a total of 11,940,000 shares of Basetrophy Group Holdings Limited (stock code: 8460) (a company listed on GEM of the Stock Exchange) in a series of transactions conducted between 20 October 2017 and 9 February 2018, at the price between HK$0.17 and HK$0.25 per share for an aggregate gross sale proceeds of HK$2,573,440 (excluding transaction costs). The above disposal constituted a disclosable transaction of the Company as the highest applicable percentage ratio under Rule 14.07 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") calculated on an aggregate basis exceeded 5% but was less than 25%, and was therefore subject to the relevant reporting and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 20 February 2018.

During the Year, no dividend was received from the above securities investment. As at 31 December 2018, the market value of the listed securities being held by the Group was approximately HK$10,014,200 and an unrealized loss on fair value change was approximately HK$1,381,789.32. No impairment was made to the above securities investment.

The Directors believe that the future performance of the equity securities of companies listed on the Stock Exchange held by the Group will be affected by the overall economic environment, equity market conditions, investor sentiment and business performance of the investee companies. The Board will continue to identify for attractive investment opportunities which can generate better returns to its shareholders.

Save as disclosed above, there were no other significant investments by the Group during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

There was no specific plan for material investments or capital asset as at 31 December 2018.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's monetary assets and transactions are mainly denominated in Hong Kong dollars and Renminbi. The exchange rates of Renminbi against Hong Kong dollars were relatively stable during the Year. During the Year, the Group did not use financial instruments for hedging purposes. The Group continues to monitor the exposures to Renminbi and will take necessary procedures to reduce the currency risks arising from the fluctuations in exchange rates at reasonable costs.

Sound corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, and can protect the rights of shareholders and enhance the value to shareholders. The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and accountability to our shareholders. This corporate governance report is prepared in compliance with the reporting requirements as contained in Appendix 14 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance to safeguard the interests of its shareholders and to enhance the corporate value, accountability and transparency of the Company. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code (the "**CG Code**") in Appendix 14 to the Listing Rules. Except for the deviations from code provisions A.4.1 of the CG Code as explained below, the Company had complied with the applicable code provisions of the CG Code during the Year. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

According to code provision A.4.1 of the CG Code, non-executive Directors should be appointed for specific term, subject to re-election. Except for Mr. Hu Minglong who is appointed for a specific term of three years and re-designated as executive director on 19 September 2018, the other independent non-executive Directors are not appointed for a specific term but they are subject to retirement by rotation and re-election in accordance with the articles of association of the Company (the "**Articles**"). The Directors consider that the requirements on retirement by rotation will provide reasonable safeguard to the Company and its shareholders.

The term of appointment of non-executive directors has been disclosed in the section headed "Directors and Directors' Service Contracts" in the report of directors of this report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the Directors as set out in Appendix 10 to the Listing Rules (the "**Model Code**").

Having made specific enquiry with the Directors, all the Directors, saved as disclosed below, confirmed that they have complied with the required standard set out in the Model Code during the Year.

According to code provision A.3(a) of the Model Code, a Director must not deal in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results. An executive Director (who had retired as a Director on 8 June 2018), Mr. Hu Guoan, during the period from 22 January 2018 to 27 February 2018, had dealt in the securities of the Company which was in contravention of code provision A.3(a) of the Model Code.

According to code provision B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement. An executive Director, Mr. Hu Guoan, during the period from 7 December 2017 to 27 February 2018, had dealt in the securities of the Company without first notifying the chairman and receiving a dated written acknowledgement.

The Company has put in place the following measures to ensure compliance with the Model Code by the Directors:

(1) the Company has prepared an internal guideline on share dealings by the directors (which include the relevant requirements and prohibitions under the Model Code) (the "**Internal Guideline**") and such guideline has been circulated to each of the Directors upon joining the Board;

(2) upon joining the Board, each of the Directors will be provided with a set of comprehensive training materials (the "**Training Materials**") in relation to the Listing Rules, which cover, among others, the requirements and prohibitions on the directors' shares dealing activities under the Model Code. In particular, the Training Materials contain, among others, a separate section on dealing in securities of the Company by the Directors. Such section expressly provides that dealings in the securities of the Company are absolutely prohibited during the period of 60 days immediately preceding the publication date of the annual results; and

(3) before the commencement of the black-out period for the interim results and annual results of the Company, the company secretary of the Company will, on behalf of the Board, notify all the Directors by email (the "**Notification Email**") the date of commencement of each black-out period and remind the Directors regarding the prohibition of shares dealings during the black-out period. It is also expressly set out in such email that the directors are prohibited from dealing in the securities of the Company during the black-out period.

The Board considers that the preparation and provision of the Internal Guideline and Training Materials, which set out in Chinese the relevant provisions and requirements under the Model Code, would enable the Directors to obtain an understanding of the dealing restriction during the black-out period and the procedures that they need to follow before dealing in the securities of the Company. Further, the Notification Email, which is sent out to each Director before the commencement of the black-out period, will serve to remind the Directors of the dealing restrictions under the Model Code. The Board therefore considered that the implementation of the above measures would minimize the chance of breach of the Model Code by the Directors in the future.

BOARD OF DIRECTORS

Composition

During the Year and as of the date of this report, the composition of the Board is set out as follow:

Board Members	Board of Directors	Audit Committee	Remuneration Committee	Nomination Committee
Ms. Liu Jie	Chairperson and Executive Director			
Mr. Chen Gang *(Appointed on 8 February 2018)*	Executive Director			
Mr. Li Yuguo *(Appointed on 19 September 2018)*	Executive Director			
Mr. Hu Guoan *(Retired with effect from 8 June 2018)*	Executive Director			
Mr. Hu Minglong *(Re-designated on 19 September 2018)*	Executive Director			
Mr. Rao Dacheng	Executive Director			
Mr. Wan Tat Wai David *(Resigned with effect from 19 September 2018)*	Executive Director			
Ms. Yang Xiaoqiu *(Appointed on 8 February 2018)*	Executive Director			
Mr. Yuan Shan (alternate director to Mr. Zhang Decong) *(Resigned on 19 September 2018)*	Executive Director			
Mr. Zhang Decong *(Resigned with effect from 19 September 2018)*	Executive Director			
Mr. Zheng Fengwei *(Retired with effect from 8 June 2018)*	Executive Director			
Mr. Yang Xiaoqiang *(Appointed on 19 September 2018)*	Vice Chairman and Non-executive Director			
Mr. Chen Xun *(Appointed on 19 September 2018)*	Independent Non-executive Director	Member	Chairman	Chairman
Mr. Chow Hiu Tung *(Resigned with effect from 19 September 2018)*	Independent Non-executive Director	Former Chairman	Former Member	Former Member
Mr. Hu Minglong *(Appointed on 8 February 2018 and re-designated as an executive Director on 19 September 2018)*	Independent Non-executive Director	Former Member	Former Member	Former Member
Mr. Lai Kwok Leung *(Resigned with effect from 19 September 2018)*	Independent Non-executive Director	Former Member	Former Chairman	Former Member
Prof. Lau Chi Pang JP *(Appointed on 19 September 2018)*	Independent Non-executive Director	Member	Member	Member
Mr. Lau Tai Chim *(Resigned with effect from 19 September 2018)*	Independent Non-executive Director	Former Member	Former Member	Former Chairman
Ms. Liu Shuyan *(Appointed on 19 September 2018)*	Independent Non-executive Director	Chairman	Member	Member
Mr. Zhang Yijun *(Appointed on 19 September 2018)*	Independent Non-executive Director	Member	Member	Member

All Directors have distinguished themselves in their field of expertise, and have exhibited high standards of professional ethics and integrity. The biographical details of each Director are disclosed on pages 49 to 51 of this report. Save as disclosed therein, there are no financial, business, family or other material or relevant relationships among members of the Board.

During the Year, the Board has at all times met the requirements of Rules 3.10(1) and (2) of the Listing Rules relating to the appointment of at least three independent non-executive directors (representing at least one-third of the Board), with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

Each independent non-executive Director has, pursuant to Rule 3.13 of the Listing Rules, confirmed that he is independent of the Company and the Company also considers that they are independent within the meaning of the Listing Rules.

Function

The Board, led by the Chairman, is responsible for formulation and approval of the Group's overall development and business strategies, key operational proposals, financial control procedures, material acquisition and disposal of investments, major funding decisions, financial announcements and reporting, share issuance and repurchase, nomination of directors, appointment and remuneration of key management personnel, related party transactions, ensuring human and financial resources are appropriately applied, the periodic evaluation of the performance for the achievement of results and monitoring of significant transactions to ensure they are conducted in accordance with the Articles, Listing Rules and other applicable laws and regulations.

The executive Directors are responsible for the day-to-day management of the Group's operations. These executive Directors conduct regular meetings with the senior management of the Group, at which operational issues and financial performance of the Group are evaluated.

The Articles contain description of responsibilities and operation procedures of the Board. The Board holds regular meetings to discuss and consider significant matters relating to existing operations and proposals of new operations and projects.

The chairman of the Board ensures that Board meetings are held whenever necessary. Though the company secretary is responsible for setting the Board meeting's agenda, all Board members are encouraged to participate to include matters in the agenda. The Board conducts meetings on a regular basis and extra meetings are convened when circumstances require. The Articles allow a Board meeting to be conducted by way of a tele-conference.

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies and practices on corporate governance, the training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements.

There were thirteen Board meetings being held during the Year and the attendance of individual Directors is as follows:

	Board Meetings
Executive Directors:	
Chen Gang *(Appointed on 8 February 2018)*	11/12
Hu Guoan *(Retired with effect from 8 June 2018)*	0/5
Hu Minglong *(Re-designated on 19 September 2018)*	1/1
Li Yuguo *(Appointed on 19 September 2018)*	1/1
Liu Jie	3/13
Rao Dacheng	2/13
Wan Tat Wai David *(Resigned with effect from 19 September 2018)*	12/12
Yang Xiaoqiu *(Appointed on 8 February 2018)*	11/12
Zhang Decong *(Resigned with effect from 19 September 2018)*	12/12
Zheng Fengwei *(Retired with effect from 8 June 2018)*	0/5
Yuan Shan *(alternate director to Mr. Zhang Decong) (Resigned on 19 September 2018)*	0/12
Non-Executive Director:	
Yang Xiaoqiang *(Appointed on 19 September 2018)*	1/1
Independent Non-executive Directors:	
Chen Xun *(Appointed on 19 September 2018)*	1/1
Chow Hiu Tung *(Resigned with effect from 19 September 2018)*	9/12
Hu Minglong *(Appointed on 8 February 2018 and re-designated as an executive Director on 19 September 2018)*	11/11
Lai Kwok Leung *(Resigned with effect from 19 September 2018)*	12/12
Lau Chi Pang *(Appointed on 19 September 2018)*	1/1
Lau Tai Chim *(Resigned with effect from 19 September 2018)*	9/12
Liu Shuyan *(Appointed on 19 September 2018)*	1/1
Zhang Yijun *(Appointed on 19 September 2018)*	1/1

There was one general meeting being held during the Year and the attendance of individual Directors is as follows:

	AGM	EGM
Executive Directors:		
Chen Gang *(Appointed on 8 February 2018)*	0/1	0/1
Hu Guoan *(Retired with effect from 8 June 2018)*	0/1	N/A
Hu Minglong *(Re-designated on 19 September 2018)*	N/A	N/A
Li Yuguo *(Appointed on 19 September 2018)*	N/A	N/A
Liu Jie	1/1	0/1
Rao Dacheng	0/1	0/1
Wan Tat Wai David *(Resigned with effect from 19 September 2018)*	1/1	0/1
Yang Xiaoqiu *(Appointed on 8 February 2018)*	1/1	1/1
Zhang Decong *(Resigned with effect from 19 September 2018)*	0/1	0/1
Zheng Fengwei *(Retired with effect from 8 June 2018)*	0/1	N/A
Yuan Shan *(alternate director to Mr. Zhang Decong) (Resigned on 19 September 2018)*	0/1	0/1
Non-Executive Director:		
Yang Xiaoqiang *(Appointed on 19 September 2018)*	N/A	N/A
Independent Non-executive Directors:		
Chen Xun *(Appointed on 19 September 2018)*	N/A	N/A
Chow Hiu Tung *(Resigned with effect from 19 September 2018)*	1/1	0/1
Hu Minglong *(Appointed on 8 February 2018 and re-designated as an executive Director on 19 September 2018)*	0/1	0/1
Lai Kwok Leung *(Resigned with effect from 19 September 2018)*	1/1	1/1
Lau Chi Pang *(Appointed on 19 September 2018)*	N/A	N/A
Lau Tai Chim *(Resigned with effect from 19 September 2018)*	1/1	0/1
Liu Shuyan *(Appointed on 19 September 2018)*	N/A	N/A
Zhang Yijun *(Appointed on 19 September 2018)*	N/A	N/A

Training and Support for Directors

During the Year, all the Directors have been kept abreast of their responsibilities as a Director and of the conduct, business activities and development of the Group.

Each newly appointed Director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is normally supplemented with visits to the Group's key business sites and/or meetings with the senior management of the Company.

Under code provision A.6.5 of the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internal briefings for the Directors will be arranged and reading materials on relevant topics will be issued to the Directors where appropriate. All the Directors are encouraged to attend relevant training courses at the Company's expenses.

During the Year, the Company had provided reading materials on corporate governance, directors' duties and responsibilities and regulatory update on the Listing Rules amendments to all the Directors for their reference and information.

The individual training record of each Director received for the Year is summarised below:

Name of director	Attending seminar(s)/ programme(s)/conference(s) relevant to the business or directors' duties	Reading materials
Executive Directors:		
Chen Gang *(Appointed on 8 February 2018)*	√	√
Hu Guoan *(Retired with effect from 8 June 2018)*		√
Hu Minglong *(Re-designated on 19 September 2018)*	√	√
Li Yuguo *(Appointed on 19 September 2018)*		√
Liu Jie		√
Rao Dacheng	√	√
Wan Tat Wai David *(Resigned with effect from 19 September 2018)*		√
Yang Xiaoqiu *(Appointed on 8 February 2018)*		√
Zhang Decong *(Resigned with effect from 19 September 2018)*		√
Zheng Fengwei *(Retired with effect from 8 June 2018)*		√
Yuan Shan *(alternate director to Mr. Zhang Decong) (Resigned on 19 September 2018)*		√
Non-Executive Director:		
Yang Xiaoqiang *(Appointed on 19 September 2018)*	√	√
Independent Non-executive Directors:		
Chen Xun *(Appointed on 19 September 2018)*	√	√
Chow Hiu Tung *(Resigned with effect from 19 September 2018)*		√
Hu Minglong *(Appointed on 8 February 2018 and re-designated as an executive Director on 19 September 2018)*	√	√
Lai Kwok Leung *(Resigned with effect from 19 September 2018)*		√
Lau Chi Pang JP *(Appointed on 19 September 2018)*	√	√
Lau Tai Chim *(Resigned with effect from 19 September 2018)*		√
Liu Shuyan *(Appointed on 19 September 2018)*	√	√
Zhang Yijun *(Appointed on 19 September 2018)*	√	√

Responsibilities

The overall management of the Group's operation is rested in the Board. Their responsibilities include, among other things, (1) convening regular Board meetings focusing on business strategy, operational issues and financial performance of the Group; (2) monitoring the quality, timeliness, relevance and reliability of internal and external reporting of the Group; (3) monitoring and managing potential conflicts of interest of management, Board members and shareholders, including misuse of corporate assets and abuse in connected transaction; and (4) ensuring processes are in place to maintain the overall integrity of the Group, including financial statements, relationships with suppliers, customers and other stakeholders, and compliance with all applicable laws and regulations. The management is delegated with the authority and responsibility by the Board for the daily business operations and administrative functions of the Group.

Director's Responsibilities for the Financial Statement
The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and to ensure that the financial statements of the Group will give a true and fair view of the Group's state of affairs, results and cash flow and are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group. In preparing the financial statements of the Group for the Year, the Directors have, among other things:

- selected suitable accounting policies and applied them consistently;
- approved adoption of all Hong Kong Financial Reporting Standards which are in conformity with the International Financial Reporting Standards; and
- made judgments and estimates that are prudent and reasonable; and have prepared the consolidated financial statements on the going concern basis.

The Directors confirm that, to the best of their knowledge, information and belief, having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Delegation by the Board
The Board has established three Board committees, namely audit committee, remuneration committee and nomination committee to oversee particular aspects of the Company's affairs and to assist in sharing the Board's responsibilities. All the Board committees have clear written terms of reference and is required to report to the Board regularly on their decisions and recommendations. The day-to-day operation of the Group, including implementation of the strategies and plans adopted by the Board and its committees, is delegated to the management with divisional heads responsible for different aspects of the business.

Audit Committee
The audit committee of the Board (the "**Audit Committee**") was set up on 8 December 2014 with written terms of reference, which was amended and revised on 10 December 2015 and 25 August 2016 respectively, in accordance with the requirements of the Listing Rules. The Audit Committee consists of all the independent non-executive Directors, namely Mr. Chen Xun, Prof. Lau Chi Pang JP, Ms. Liu Shuyan and Mr. Zhang Yijun. It is chaired by Ms. Liu Shuyan.

The Audit Committee reports directly to the Board and reviews the matters relating to the relationship with the external auditors, financial information of the Company, financial reporting system, risk management and internal control systems. The Audit Committee meets with the Company's external auditors to ensure the objectivity and credibility of financial reporting and internal control procedures as well as to maintain an appropriate relationship with the external auditors of the Company. The terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

There are three Audit Committee meetings being held during the Year. The individual attendance of each member is as follows:

Liu Shuyan *(Chairman) (Appointed on 19 September 2018)*	N/A
Chen Xun *(Appointed on 19 September 2018)*	N/A
Chow Hiu Tung *(Former chairman) (Resigned with effect from 19 September 2018)*	3/3
Hu Minglong *(Appointed on 8 February 2018 and re-designated as an executive Director on 19 September 2018)*	3/3
Lai Kwok Leung *(Resigned with effect from 19 September 2018)*	3/3
Lau Chi Pang *(Appointed on 19 September 2018)*	N/A
Lau Tai Chim *(Resigned with effect from 19 September 2018)*	3/3
Zhang Yijun *(Appointed on 19 September 2018)*	N/A

The members of the Audit Committee have full access to and co-operation from the management of the Group and they have full discretion to invite any Director or executive to attend the meeting. The Audit Committee had performed, among other things, the following functions during the Year: (1) reviewed external auditors' audit report and matters incidental thereto; (2) discussed the internal control system and risk management; and (3) reviewed the periodic financial statements of the Company and made recommendation to the Board for approval.

The Audit Committee had, amongst other things, reviewed the audited results of the Group for the Year and this report.

Remuneration Committee

The remuneration committee of the Board (the "**Remuneration Committee**") was set up on 8 December 2014 with written terms of reference in compliance with the Listing Rules to review the remuneration package, performance-based remuneration and termination compensation of the Directors and senior management of the Group. The Remuneration Committee consists of all the independent non-executive Directors, namely Mr. Chen Xun, Prof. Lau Chi Pang JP, Ms. Liu Shuyan and Mr. Zhang Yijun. It is chaired by Mr. Chen Xun.

The major responsibilities of the Remuneration Committee are to make recommendation to the Board on the Company's policy and structure for remuneration of the Directors and senior management, to determine remuneration packages of all executive Directors and senior management including benefits in kind, pension rights and compensation payments. The Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and senior management. The terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee shall meet at least once a year. There are three Remuneration Committee meetings being held during the Year. The individual attendance of each member is as follows:

Chen Xun *(Chairman) (Appointed on 19 September 2018)*	N/A
Chow Hiu Tung *(Resigned with effect from 19 September 2018)*	3/3
Hu Minglong *(Appointed on 8 February 2018 and re-designated as an executive Director on 19 September 2018)*	2/2
Lai Kwok Leung *(Former chairman) (Resigned with effect from 19 September 2018)*	3/3
Lau Chi Pang *(Appointed on 19 September 2018)*	N/A
Lau Tai Chim *(Resigned with effect from 19 September 2018)*	3/3
Liu Shuyan *(Appointed on 19 September 2018)*	N/A
Zhang Yijun *(Appointed on 19 September 2018)*	N/A

At the meetings held during the Year, the Remuneration Committee had, among other things, reviewed and discussed the remuneration policy, the remuneration package and bonus arrangements.

Nomination Committee

The nomination committee of the Board (the "**Nomination Committee**") was set up on 8 December 2014 with written terms of reference in accordance with the requirements of the Listing Rules. The Nomination Committee consists of all the independent non-executive Directors, namely Mr. Chen Xun, Prof. Lau Chi Pang JP, Ms. Liu Shuyan and Mr. Zhang Yijun. It is chaired by Mr. Chen Xun.

The Nomination Committee is responsible for, among other things, the nomination of the Directors, reviewing the structure of the Board, number of Directors and the composition of the Board and the Company's Board diversity policy. To maintain high quality of the Board with a balance of skill and experience, the Nomination Committee will identify individuals who fulfill the designated criteria of the Company. When assessing the quality of the individual, the Nomination Committee makes reference to his experience, qualification, integrity and other relevant factors. The terms of reference of the Nomination Committee are available on the Company's website and on the website of the Stock Exchange.

There are three Nomination Committee meetings being held during the Year. The individual attendance of each member is as follows:

Chen Xun *(Chairman) (Appointed on 19 September 2018)*	N/A
Chow Hiu Tung *(Resigned with effect from 19 September 2018)*	3/3
Hu Minglong *(Appointed on 8 February 2018 and re-designated as an executive Director on 19 September 2018)*	3/3
Lai Kwok Leung *(Resigned with effect from 19 September 2018)*	3/3
Lau Chi Pang *(Appointed on 19 September 2018)*	N/A
Lau Tai Chim *(Former chairman) (Resigned with effect from 19 September 2018)*	3/3
Liu Shuyan *(Appointed on 19 September 2018)*	N/A
Zhang Yijun *(Appointed on 19 September 2018)*	N/A

At the meetings held during the Year, the Nomination Committee had, among other things: (1) reviewed the structure, size and composition of the Board; (2) reviewed the Company's Board diversity policy; (3) discussed the casual vacancies arising from resignation of Directors during the Year; and (4) assessed the independence of independent non-executive Directors.

Board Diversity Policy

The Board has adopted a Board diversity policy which sets out the approach to achieve a sustainable and balanced development of the Company and also to enhance the quality of performance of the Company.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

Selection of candidates will be based on a range of diversity perspectives as stated above. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

As at the date of this report, the Board comprises eleven Directors. Four of the Directors are independent non-executive Directors and independent of the management of the Group, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, in terms of professional background or skills.

NOMINATION POLICY

The company secretary of the Company shall call a meeting of the Nomination Committee, and invite nominations of candidates from Board members for consideration by the Nomination Committee. The Nomination Committee may also put forward candidates who are not nominated by Board members. The factors which would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate for director include, inter alia, reputation for integrity, professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy, willingness to devote adequate time to discharge duties as Board member, diversity of the Board, and such other perspectives appropriate to the Company's business. The Nomination Committee shall make recommendations for the Board's consideration and approval.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge and understand their responsibility for preparing the financial statements and to ensure that the financial statements of the Group are prepared in a manner which reflects the true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required under the Listing Rules.

The statement of the external auditors of the Company, Messrs. Ernst & Young, about their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditors' Report on pages 52 to 56.

REMUNERATION OF EXTERNAL AUDITOR

During the Year, remuneration paid to the Company's auditors, Messrs Ernst & Young, was as follows:

Services rendered:	RMB'000
— audit services	1,185
— non-audit service	151

There was no disagreement between the Board and the Audit Committee on the selection and appointment of the auditors during the Year.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board is responsible for maintaining adequate system of internal controls and risk management within the Group and for reviewing their effectiveness. The systems of internal controls and risk management are designed to facilitate effective and efficient operations, to safeguard assets and to ensure the quality of internal and external reporting and compliance with applicable laws and regulations. They are also designed to provide reasonable, but not absolute, assurance that material misstatement or loss can be avoided, and to manage and minimise risks of failure in operation systems. The Company is committed to implementing a stricter and more regulated internal control and risk management procedures in the new financial year.

In the future, the Group will conduct regular review of the Group's internal control and risk management systems and its effectiveness to ensure the interest of shareholders is safeguarded.

During the Year, the Group did not have an internal audit function but had appointed external consultant to review the internal controls of the Group on a continuous basis and aims to cover all major operations of the Group on a cyclical basis. The Board, through the Audit Committee, reviewed the appraisal performed by the external consultant on the Company's risk management and internal control systems. Based on information furnished to it and its own observations, the Board is satisfied that the present internal control and risk management systems of the Group are effective and adequate in all material respects.

INSIDE INFORMATION

The Board is responsible for ensuring the Group's compliance with its disclosure obligations regarding inside information, and has appointed a disclosure group with specific designated duties to assist it in, among other things, overseeing and coordinating the disclosure of inside information. The procedures and internal controls for the handling and dissemination of inside information are given in a policy (the "**PSI Policy**') that was adopted by the Company to ensure that it is able to meet relevant obligations under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "**SFO**"). The PSI Policy applies to all directors, officers and employees of the Group.

Under the PSI Policy, the Company must disclose inside information to the public by way of an announcement as soon as reasonably practicable unless the information falls within any of the safe harbours as stipulated under the SFO. Any director, officer or employee who becomes aware of any matter, development or event that he or she considers to be, or potentially to be, inside information shall report it promptly to the disclosure group. Before the relevant information is fully disclosed to the public, the disclosure group should take reasonable precautions to ensure that the information is kept strictly confidential. Where it is believed that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the information should be disclosed immediately to the public. If the disclosure group needs time to clarify the details of, and the impact arising from, an event or a set of circumstances before it is in a position to issue a full announcement to properly inform the public, the disclosure group should consider issuing a "holding announcement" which details as much ascertainable information of the subject matter as possible and sets out the reasons why a full announcement cannot be made. Following a holding announcement, the disclosure group should ensure that a full announcement is made as soon as reasonably practicable. In the event that confidentiality has not been maintained and it is not able to make a full announcement or a holding announcement, the disclosure group should consider applying for a trading halt in the Company's securities, subject to approval of the Board, until disclosure can be made. All inside information announcements must be properly approved by the Board before publication, and all unpublished inside information must be kept in strict confidence until a formal announcement is made. The disclosure group must further ensure that access to unpublished inside information is given only to employees on a "need-to-know" basis for discharging their duties. Apart from reporting to the disclosure group, every director, officer or employee who possesses or has been given access to unpublished inside information must not disclose, discuss or share such information to or with any other parties within or outside the Group. The PSI Policy also sets out the criteria for advance disclosure of inside information to certain categories of people as may be necessary in the circumstances. In this case, the disclosure group should monitor the situation so that disclosure may be made as soon as reasonably practicable if there is any leakage of information. Directors, officers and employees must refrain from dealing in the shares of the Company at any time when they are in possession of unpublished inside information. Securities dealings are governed by securities codes applicable to relevant employees and directors.

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration of the Group for the year ended 31 December 2018 falls within the following bands:

	Number of individuals
HK$ Nil to HK$1,000,000	5
HK$1,000,001 to HK$1,500,000	—
	5

COMPANY SECRETARY

Mr. Ho Yuk Ming Hugo was the Company Secretary of the Company during the period between 1 January 2018 and 24 October 2018 and has resigned with effect from 25 October 2018.

Mr. Wu Ho Wai was appointed as the company secretary of the Company on 25 October 2018. As at 31 December 2018, Mr. Wu had taken no less than 15 hours of relevant professional trainings to update his skill and knowledge as required under the Listing Rules. Please refer to the section headed "Biography of Directors and Senior Management" of this report for his biographical information.

COMMUNICATIONS WITH SHAREHOLDERS

The objective of shareholders' communication is to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner.

The Company uses various communication tools to ensure its shareholders are kept well informed of key business imperatives. These include general meetings, annual and interim reports, various notices, announcements, circulars and electronic means of communication via the Company's website.

The annual general meetings provide a useful forum for shareholders to exchange views with the Board. The chairman of the Board, Directors, Board committees' chairman or members and external auditors, where appropriate, are available to answer questions at the meetings.

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. Besides, pursuant to the articles of association of the Company (the "**Articles**"), shareholder(s) holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may request the Company to convene an extraordinary general meeting by sending a written requisition to the Board or the company secretary of the Company. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may convene a meeting in accordance with the Articles.

If any shareholder wishes to nominate a person to stand for election as a Director at general meeting, the following documents must be validly served on the Company's principal office in Hong Kong (16th Floor, Guangdong Finance Building, 88 Connaught Road West, Hong Kong) or to the branch share registrar of the Company (Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F., Hopewell Centre, 183 Queen's Road East, Hong Kong), provided that the minimum length of the period, during which such documents are given, shall be at least seven days and that (if such documents are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such documents shall commence on the day after the despatch of the notice of a general meeting appointed for election of director and end no later than seven days prior to the date of such meeting:

(i) notice in writing signed by the shareholder of his/her intention to propose such person for election (the "**Nominated Candidate**");

(ii) notice in writing signed by the Nominated Candidate of his/her willingness to be elected; and

(iii) the biographical details of the Nominated Candidate as required under Rule 13.51(2) of the Listing Rules for publication by the Company.

Shareholders may send written enquiries to the Company for putting forward any enquiries or proposals to the Board. Contact details are as follows:

Address: 16th Floor, Guangdong Finance Building, 88 Connaught Road West, Hong Kong
(For the attention of the Company Secretary)
Fax: 852–2104 9060
Email: contact@fbmining.com

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by the applicable laws and regulations.

An up-to-date version of the Articles is available on the Company's website and the Stock Exchange's website.

Shareholders may refer to the Articles for further details of their rights. The poll results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.futurebrightltd.com) after the relevant general meetings.

CONSTITUTIONAL DOCUMENTS

Pursuant to the written resolutions of the shareholders of the Company passed on 8 December 2014, the Articles were approved and adopted. Since the date of listing of the shares of the Company (being 9 January 2015) and up to the date of this report, no change has been made to the Articles and the memorandum of association of the Company.

REPORT OF THE DIRECTORS

The Directors are pleased to present this report and the audited consolidated financial statements for the Year.

PRINCIPAL ACTIVITIES

The Company is a marble mining company and it acts as an investment holding company. The Group has been focusing on developing the Yiduoyan Project, which is an open pit mine located in Hubei Province of the PRC. Meanwhile, in order to diversify the existing business of the Group, apart from sale of marble blocks, the Group also engaged in trading of commodities business during the Year. The principal activities and other particulars of its subsidiaries are set out in note 1 to the audited consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the Year and the state of affairs of the Group as at 31 December 2018 are set out in the audited consolidated financial statements on pages 57 to 125 of this report.

DIVIDEND POLICY

The Company has adopted a dividend policy ("**Dividend Policy**"), pursuant to which the Company may distribute dividends to the shareholders of the Company by way of cash or shares. Any distribution of dividends shall be in accordance with the Articles of Association of the Company (the "Articles") and the distribution shall achieve continuity, stability and sustainability.

The recommendation of the payment of any dividend is subject to the absolute discretion of the Board, and any declaration of final dividend will be subject to the approval of the shareholders. In proposing any dividend payout, the Board shall also take into account, inter alia, the Group's earnings per share, the reasonable return in investment of the investors and the shareholders in order to provide incentive to them to continue to support the Group in their long-term development, the financial conditions and business plan of the Group, and the market sentiment and circumstances.

The Dividend Policy will be reviewed from time to time and there is no assurance that a dividend will be proposed or declared in any specific periods.

The Directors do not recommend the payment of a final dividend for the Year.

KEY PERFORMANCE INDICATORS ("KPIs") WITH THE STRATEGY OF THE GROUP

The Group sets a number of KPIs to support the delivery of its strategies with its performance as below:

Strategy	KPIs	Performance
Maximise value for its shareholders	Gross profit margin = 21.95% (2017: 23.34%) Return on equity = -56.85% (2017: -33.35%)	During the Year, the decrease in gross profit margin was mainly due to the significant drop in the sales of marble blocks which in turn lead to the decrease in average gross profit margin of the Group.
Enhance customers satisfaction and maintain quality control	Number of complaint from customers = 0 (2017: 0)	The Group has established its quality control team. The Group targets to maintain its zero customer complaint record.
Improve the Group's liquidity	Financing activity cash inflow = RMB3,948,000 (2017: RMB61,448,000) Cash and bank balances = RMB2,655,000 (2017: RMB19,270,000)	The Group has maintained its normal financial position for the Year. The Group targets to maintain its cash position to a higher security level.
Strive for the "Zero Harm" safety goal	Number of occupational injury = 0 (2017: 0)	The Group has developed and implemented a system to monitor and record employee occupational safety statistics and provided training on production safety for its mining staff.

RELATIONSHIPS WITH CUSTOMERS, SUPPLIERS, CONTRACTORS AND EMPLOYEES

As at the end of the Year, our major customers were processing plants, construction companies and ore import companies and we had around 2 years of business relationships with our major customers. The Group's trading terms with its customers were mainly on credit or letter of credit. The credit period was generally three months, extending up to six months for major customers. Each customer had a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances except the provision of loans which had entered into a pledge agreement. The Group will continue to maintain and strengthen its relationships with its customers through regular contacts with them. The Group will also seek to further broaden its potential customer base and business opportunities.

The suppliers of the Group mainly include ore export companies and suppliers for machinery, equipment and consumables used in our production process, such as diamond beaded wire lubricant, gasoline, drill rod, drill bits and parts of our equipment. Our suppliers are primarily based in Hong Kong, South Africa and the PRC. We have not signed any long-term contract with any of our suppliers. We generally do not receive any credit terms from our suppliers except the ore export suppliers which the credit period is generally two months. It is generally accepted by our suppliers that we settle our trade balances by means of cash of bank transfer. During the Year, we did not have any material disputes with any of our main suppliers. The Group will continue to broaden its supplier network in order to enhance the stability of our supplies.

The Group engaged contractors for the development of the Yiduoyan Project. In selecting contractors, the Group would consider whether the contractors hold the required licences and possess the appropriate qualifications, and the terms and scope of their services including price. The Group monitors the performance of its contractors through on-site inspections and supervision while the outsourced activities are being carried out by its contractors. The Group also requires its contractors to comply with the applicable laws and regulations and safety requirements imposed by the relevant government authorities. During the Year, the Group did not have any material disputes with any of its main contractors.

The Group also maintains a very stable and experienced management team and an amicable relationship with its employees. We believe that we have maintained good relationship with our employees and our management policies, working environment, development opportunities and employee benefits have contributed to maintaining good employee relations.

During the Year, we did not experience any major labour disputes, work stoppage or labour strike or any work safety-related incidents that led to disruption to the operation of the Group, nor has the Group experienced any difficulties in the recruitment and retention of experienced staff.

ENVIRONMENTAL POLICIES

The Group places emphasis on environmental protection in the course of its operation. We have adopted and implemented various measures on an on-going basis to minimise the impact of our operation on the environment and comply with the relevant environmental protection laws and regulations. Such measures include, inter alia, (i) restoring the land damaged by our mining activities pursuant to the relevant land rehabilitation laws and regulations; (ii) using abandoned stones for the access road and transfer pad construction; (iii) reusing domestic wastes as fertiliser; (iv) collecting and treating waste water for recycling in production or for irrigation; (v) adopting wet drilling to reduce fugitive dust emission; and (vi) using low noise equipment to reduce noise emission.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations, in relation to in particular, those having significant impact on the Group. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

During the Year, the Group has complied with all applicable laws and regulations in Hong Kong and the PRC in all material aspects for the business operation of the Group. During the Year, the Group has also obtained all material approvals, permits and licences for its current business operations.

USE OF PROCEEDS FROM THE COMPANY'S INITIAL PUBLIC OFFERING

The net proceeds (the "**Net Proceeds**") from the listing (the "**Listing**") of the shares the Company on the Main Board of the Stock Exchange on 9 January 2015 (the "**Listing Date**"), after deducting the underwriting fees and commissions and other fees and expenses in relation to the Listing, amounted to approximately HK$56 million (equivalent to approximately RMB45 million). The Net Proceeds have been applied in accordance with the proposed applications set out in the section headed "Future plans and use of proceeds" contained in the prospectus of the Company dated 29 December 2014 (the "**Prospectus**").

Up to 31 December 2018, the Group had used the Net Proceeds as follows:

	Original allocation of Net Proceeds			Change in use of Net Proceeds (Note)		Utilisation up to 31 December 2018		Remaining balance of unused Net Proceeds as at 31 December 2018	
	HK$'million	RMB Equivalent 'million	% of Net Proceeds	HK$'million	RMB Equivalent 'million	HK$'million	RMB Equivalent 'million	HK$'million	RMB Equivalent 'million
Capital expenditure of the Yiduoyan Project	45.6	36.5	81.3%	(12.5)	(10)	12.6	10.1	20.5	16.4
Development of sales channels and marketing	5	4.1	9%	—	—	5	4.1	—	—
Working capital and other general corporate purposes including expenses for our day-to-day operation	5.4	4.4	9.7%	12.5	10	17.9	14.4	—	—
Total	56	45	100%	—	—	35.5	28.6	20.5	16.4

During the Year, the utilised Net Proceeds were approximately RMB0.6 million (details as follow) and the remaining Net Proceeds as at 31 December 2018 were approximately RMB16.4 million.

	Remaining Net Proceeds as at 31 December 2018 RMB'million	**Net Proceeds utilised for the Year** RMB'million
Capital expenditure of Yiduoyan Project	16.4	0.6
Development of sales channels and marketing	—	—
Working capital and other general corporate purposes	—	—
Total	16.4	0.6

Note:

On 15 July 2016, the Board had resolved to allocate not more than RMB10 million out of the unutilised proceeds originally intended for the development of the Yiduoyan Project for working capital and other general corporate purposes including expenses for our day-to-day operation. For details, please refer to the announcement of the Company dated 15 July 2016.

As the property market has slowed down in the PRC, the Group's marble trading business faces uncertainty. While it is the intention of the Group to continue to develop the Yiduoyuan Project, in view of the slowdown in market growth in the PRC, the Group has been slowing down the pace of its development of the Yiduoyan Project.

With a view to putting the Company's resources to better use, the Board had therefore temporarily re-allocated the aforesaid unutilized Net Proceeds of approximately HK$20.5 million (equivalent to approximately RMB16.4 million) for the use of commodities business and general working capital of the Group. It is expected that the Group will receive the aforesaid HK$20.5 million in or around June 2019 through the settlement of payment by the customers from the business of trading of mineral commodities. The Board will keep monitoring the overall development of the marble market and industry in the PRC and will deploy the unutilized Net Proceeds of approximately HK$20.5 million back to the development of the Yiduoyan Project as and when appropriate after taking into account the market environment at the relevant time.

USE OF PROCEEDS FROM THE PLACING OF NEW SHARES UNDER GENERAL MANDATE

(i) First Placing of new shares on 16 February 2017

The net proceeds from the placing of new shares under general mandate on 16 February 2017, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK$34 million (equivalent to approximately RMB30 million).

Up to 31 December 2018, the Group had used the net proceeds as follows:

	Original allocation of net proceeds			**Utilisation as at 31 December 2018**		**Remaining balance of net proceeds as at 31 December 2018**	
	HK$'million	RMB Equivalent 'million	% of net proceeds	HK$'million	RMB Equivalent 'million	HK$'million	RMB Equivalent 'million
Building a processing plant to produce slabs	24	21	70.59%	1	0.88	23	20.12
General working capital of the Group	10	9	29.41%	10	9	—	—
Total	34	30	100%	11	9.88	23	20.12

The following table sets out the breakdown of the use of proceeds as general working capital of the Group:

	HK$	RMB Equivalent
Administrative expenses	23,000	20,000
Consultation and service	2,621,000	2,330,000
Rental costs	1,292,000	1,148,000
Staff cost	5,064,000	4,501,000
Donation	1,000,000	889,000
Total	10,000,000	8,888,000

In relation to the plan for the construction of a processing plant, the Group plans to construct such processing plant in the stone industry park* (石材產業園) invested by the Nanzhang People's Government* (南漳縣政府人民政府) of the PRC. As at the date of this report, the Group is arranging for the relevant procedures with the government authority for the construction plan, and the land parcel on which the processing plant is to be built is undergoing infrastructure constructions (including ground leveling and access to water, electricity, telecommunication, road and sewage) (commonly known as 五通一平). It is expected that the subject land parcel will be available in or after June 2019. Accordingly, the Group intends to use the remaining proceeds of approximately HK$23 million for the construction of the processing plant when the subject land parcel is available in or after June 2019.

In view of the aforesaid development, up to 31 December 2018, the utilized net proceeds were approximately HK$11 million and the remaining proceeds as at 31 December 2018 were approximately HK$23 million.

As disclosed above, the land for the construction of the processing plant (the "**Subject Land Parcel**") is expected to be available in or around June 2019. In view of the postponement of the timetable for the development of the processing plant, the Group had temporarily re-allocated the remaining proceeds of approximately HK$23 million to investment in equity securities of companies listed on the Stock Exchange and business of trading of mineral commodities of the Group. It is expected that the Group will obtain the aforesaid HK$23 million in or around June 2019 when the Subject Land Parcel will be available through the realization of the equity securities and the settlement of payment by the customers from the business of trading of mineral commodities. The Group intends to use the remaining proceeds of approximately HK$23 million for the construction of a processing plant as originally planned.

	Remaining net proceeds as at 31 December 2018 HK$'million	**Net proceeds utilized up to 31 December 2018** HK$'million
Building a processing plan to produce slabs	23	1
General working capital of the Group	—	10
Total	23	11

* For identification purpose only

(ii) Second Placing of new shares on 18 August 2017

The net proceeds from the placing of new shares under general mandate on 18 August 2017, after deducting the commissions and other fees and expenses in relation to the placing, amounted to approximately HK$36.6 million. The net proceeds have been applied in accordance with the proposed applications set out in the announcements of the Company dated 4 August 2017 and 18 August 2017.

Up to 31 December 2018, the Group had used the net proceeds as follows:

	Original allocation of net proceeds HK$'million	**Actual use use of net proceeds up to 31 December 2018** HK$'million
Formation of the two joint ventures	12	10.2
Working capital of the Group	24.6	26.4
	36.6	36.6

Note:

Up to 31 December 2018, the Group had used approximately HK$10.2 million for the formation of the two joint venture companies, details of which are set out in the announcement of the Company dated 31 August 2017. The Group will re-allocate the remaining proceeds of HK$1.8 million to working capital and other general corporate purposes including expenses for the Group's day-to-day operation.

The following table sets out the breakdown of the use of proceeds as general working capital of the Group:

	HK$	RMB Equivalent
Administrative expenses	3,753,000	3,336,000
Consultation and service fees	4,785,000	4,253,000
Rental costs	1,721,000	1,530,000
Mining cleaning fee	1,643,000	1,460,000
Staff cost	11,558,000	10,214,899
Donation	2,940,000	2,613,000
Total	26,400,000	23,406,899

MAJOR CUSTOMERS AND SUPPLIERS

In 2018, the information in respect of the Group's sales and purchases attributable to the major customers and suppliers is as follows:

	Percentage of the Group's total	
	Sales	**Purchases**
Largest customer	18.83%	
Five largest customers in aggregate	58.90%	
Largest supplier		16.56%
Five largest suppliers in aggregate		66.25%

To the best of the knowledge of the Directors, none of the Directors, their respective close associates (as defined under the Listing Rules) or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had an interest in the major suppliers or customers noted above.

SHARE PREMIUM, RESERVES AND DISTRIBUTABLE RESERVES

As of 31 December 2018, the aggregate amount of reserves available for distribution to the equity holders of the Company amounted to approximately RMB115.03 million (2017: approximately RMB89.15 million).

Details of movements in the share premium and reserves of the Group during the Year are set out in note 28 and page 114 to page 115 to the audited financial statements.

SHARE CAPITAL

Particulars of the Company's share capital are set out in note 27 to the audited financial statements.

CHARITABLE DONATIONS

Charitable and other donations made by the Group during the Year amounted to approximately HK$1.51 million (2017: HK$2.4 million).

DIRECTORS' AND OFFICERS' INSURANCE AND INDEMNITIES

During the Year, the Directors and officers are insured under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding office as the Directors and officers of the Company. The Directors and officers shall not be indemnified where there is any fraud or dishonesty.

SEGMENT INFORMATION

The segment information of the Group for the Year is set out in note 4 to the audited financial statements.

FINANCIAL SUMMARY

A summary of the published results and of the assets and liabilities of the Group for each of the five years ended 31 December 2018, as extracted from the audited financial statements, is set out on page 126. This summary is for information only and does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the Year are set out in note 13 to the audited financial statements.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the Year and up to the date of this report were as follow:

Executive Directors:

Chen Gang *(Appointed on 8 February 2018)*
Hu Guoan *(Retired with effect from 8 June 2018)*
Hu Minglong *(Former Chief Executive Officer)*
(Re-designated as Executive Director and Chief Executive Officer on 19 September 2018 and resigned as Chief Executive Officer on 26 October 2018)
Li Yuguo *(Appointed on 19 September 2018)*
Liu Jie
Rao Dacheng
Wan Tat Wai David *(Resigned with effect from 19 September 2018)*
Yang Xiaoqiu *(Appointed on 8 February 2018)*
Zhang Decong *(Resigned with effect from 19 September 2018)*
Zheng Fengwei *(Retired with effect from 8 June 2018)*
Yuan Shan *(alternate director to Zhang Decong) (Resigned with effect from 19 September 2018)*

Non-Executive Director:

Yang Xiaoqiang *(Appointed on 19 September 2018)*

Independent Non-Executive Directors:

Chen Xun *(Appointed on 19 September 2018)*
Chow Hiu Tung *(Resigned with effect from 19 September 2018)*
Hu Minglong *(Appointed on 8 February 2018 and re-designated as Executive Director on 19 September 2018)*
Lai Kwok Leung *(Resigned with effect from 19 September 2018)*
Lau Chi Pang *(Appointed on 19 September 2018)*
Lau Tai Chim *(Resigned with effect from 19 September 2018)*
Liu Shuyan *(Appointed on 19 September 2018)*
Zhang Yijun *(Appointed on 19 September 2018)*

The biographical details of the Directors are set out on pages 49 to 51 of this report.

The Company has received from each of the independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors are independent.

In accordance with article 83(3) of the Articles, any Director appointed by the Board to fill casual vacancy on the Board shall hold office until the first general meeting of members of the Company after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In accordance with article 84 of the Articles, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. Any Director appointed by the Board pursuant to Article 83(3) shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

Ms. Liu Jie, Mr. Rao Dacheng and Ms. Yang Xiaoqiu will retire by rotation at the forthcoming annual general meeting of the Company (the "**2019 AGM**") pursuant to the Articles and will offer themselves for re-election. Pursuant to the Articles, Mr. Hu Minglong, Mr. Li Yuguo, Mr. Yang Xiaoqiang, Mr. Chen Xun, Prof. Lau Chi Pang JP, Ms. Liu Shuyan and Mr. Zhang Yijun will retire as Directors at the 2019 AGM and, being eligible, offer themselves for re-election.

Each of the executive Directors has entered into a service agreement with the Company and each appointment is for an initial term of three years unless terminated by either party giving at least three months' notice in writing.

Except for Hu Minglong who is appointed for a specific term of three years and re-designated as executive Director on 19 September 2018, each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term commencing on the date of the letter of appointment and shall continue thereafter unless terminated by either party giving at least one month's notice in writing or equivalent payment in lieu.

Save as disclosed above, no Director proposed for re-election at the 2019 AGM has or is proposed to have a service contract with any member of the Group which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

RELATED PARTY TRANSACTIONS

Details of the related party transactions of the Group are set out in note 32 to the consolidated financial statements.

The related party transactions set out in note 32 to the consolidated financial statements constituted connected transactions of the Company but were fully exempted from the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the Year, none of the Directors or any of their respective associates, has engaged in any business that competes or may compete with the business of the Group, or has any other conflict of interest with the Group.

DIRECTORS' MATERIAL INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which the Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at any time during the Year.

CONTROLLING SHAREHOLDERS' INTEREST

There were no contracts of significance between the Company or any of its subsidiaries and a controlling shareholder (as defined under the Listing Rules) of the Company or any of its subsidiaries or any contracts of any significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries.

SHARE OPTION SCHEME

The Company adopted a share option scheme (the "**Share Option Scheme**") on 8 December 2014 which came into effect on the Listing Date. The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose

The purpose of the Share Option Scheme is to enable the Company to grant options to eligible persons as incentives or rewards for their contributions to the Group.

2. Participants

The Board may, at its absolute discretion, invite any full-time or part-time employees of the Group including any executive Directors, non-executive Directors and independent non-executive Directors, advisors, consultants of the Group to take up options.

3. Total number of shares available for issue under the Share Option Scheme

The maximum number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of the Company must not, in aggregate, exceed 10% of the issued Shares as at the Listing Date provided that the options lapsed in accordance with the terms of the Share Option Scheme or any other share schemes of the Company will not be counted for the purpose of calculating this limit. The Company may, subject to the issue of a circular, the shareholders' approval in general meeting and/or such other requirements prescribed under the Listing Rules, refresh this limit at any time up to 10% of the Shares in issue as at the date of the shareholders' approval provided that the options previously granted under the Share Option Scheme and any other share schemes of the Company (including those outstanding, cancelled, exercised or lapsed in accordance with the terms thereof) will not be counted for the purpose of calculating the limit as refreshed. The above is subject to the condition that the maximum number of the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time.

As at the date of this report, the outstanding number of share options available for grant under the Share Option Scheme is nil.

4. Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to a participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Shares in issue from time to time.

5. Time for exercising option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Board to each participant provided that the period within which the option must be exercised shall not be more than 10 years from the date of the grant of option subject to the achievement of performance target and/or any other conditions to be notified by the Board to each participant, which the Board may in its absolute discretion determine.

6. Time of acceptance and the amount payable on acceptance of the option

The option will be offered for acceptance for a period of 28 days from the date on which the option is granted. Upon acceptance of the option, the grantee shall pay HK$1.00 to the Company by way of consideration for the grant.

7. **Basis of determining the subscription price**
   The subscription price for the Shares subject to options will be a price determined by the Board and notified to each participant and shall be the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the options, which must be a day on which trading of the Company's shares takes place on the Stock Exchange (the "**Trading Date**"); (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Trading Days immediately preceding the date of grant of the options; and (iii) the nominal value of a Share.

8. **Life of the Share Option Scheme**
   The Share Option Scheme became valid and effective for a period of ten years commencing on the Listing Date subject to the early termination by passing of an ordinary resolution in general meeting. After such period no further options may be granted but the provisions of the Share Option Scheme shall remain in all other respects in full force and effect in respect of options granted prior thereto but not yet exercised, which may continue to be exercisable in accordance with their terms of issue.

On 30 November 2017, a total of 352,000,000 shares options were granted to eight Directors of the Company and eligible participants. The options were granted at a cash consideration of HK$1.00 per grantee and entitled the grantees to subscribe for ordinary shares at an exercise price of HK$0.25 per share. The options are exercisable during the period from 1 December 2017 to 30 November 2020.

Voluntary conditional cash offer to acquire all the issued shares of the Company and to cancel all outstanding share options of the Company

As disclosed in the composite document jointly issued by the Company and Zhong Ke Jiu Tai Technology Group Limited (the "**Offeror**") dated 10 August 2018 (the "**Composite Document**"), Southwest Securities (HK) Capital Limited, for and on behalf of the Offeror, made a voluntary conditional cash offer to acquire all the issued shares of the Company (the "**General Offer**") and to cancel all outstanding share options of the Company other than those shares owned or agreed to be acquired by the Offeror) (the "**Option Offer**").

As disclosed in the announcement dated 20 July 2018 jointly issued by the Offeror and the Company, during 11 July 2018 to 17 July 2018, each of the holders of share options of the Company (the "**Optionholders**") has given an irrevocable undertaking in favour of the Offeror (the "**Irrevocable Undertakings**"), pursuant to which each of Option holders has irrevocably undertaken to the Offeror not to exercise the share options and to accept the Option Offer in respect of the share options by no later than the fifth business day after the despatch of the composite document. The composite document had been despatched to the shareholders of the Company and the Optionholders on 10 August 2018.

As disclosed in the joint announcement dated 24 August 2018, all the conditions of the General Offer and the Option Offer had been fulfilled and the General Offer and the Option Offer were declared unconditional in all respects on 24 August 2018. On 7 September 2018, the General Offer and the Option Offer were closed. As at 4:00 p.m. on 7 September 2018, the Offeror received (i) valid acceptances in respect of a total of 1,888,235,000 Shares under the General Offer, representing approximately 48.79% of the entire issued share capital of the Company as at 7 September 2018; and (ii) valid acceptances in respect of a total of 352,000,000 share options under the Option Offer, representing all of the outstanding share options of the Company. Immediately after the close of the General Offer and the Option Offer, the Offeror and parties acting in concert with it held an aggregate of 2,288,235,000 Shares, representing approximately 59.13% of the entire issued share capital of the Company, and had became a controlling shareholder of the Company.

For details of the General Offer, the Option Offer, the Irrevocable Undertakings and the intention of the Offeror in relation to the Group, please refer to the announcements jointly issued by the Company and the Offeror dated 10 July 2018, 20 July 2018, 31 July 2018, 24 August 2018 and 7 September 2018 respectively and the Composite Document.

Termination of share option scheme of the Company

On 10 July 2018, the Company received a requisition notice from the Offeror (the "**Requisition Notice**"), which to the best knowledge and belief of the Directors, was a substantial shareholder holding an aggregate of 400,000,000 shares, representing approximately 10.34% of the total issued share capital of the Company at the material time. As set out in the Requisition Notice, the Offeror requested the Board to convene an extraordinary general meeting for the purpose of considering and, if thought fit, passing a resolution to terminate the share option scheme of the Company.

Pursuant to article 58 of the articles of association of the Company, any one or more shareholders of the Company holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition.

In view of the Requisition Notice and the aforesaid requirement under the articles of association of the Company, an extraordinary general meeting of the Company was held on 3 August 2018, in which an ordinary resolution was duly passed for the termination of the share option scheme of the Company adopted on 8 December 2014 which took effect on 9 January 2015.

Details of share options granted/cancelled under the Share Option Scheme during the Year are as follows:

				Number of Share Options					
Grant Date	**Exercise Price HK$**	**Vesting Period**	**Exercisable Period**	**As at 1/1/2018**	**Granted**	**Exercised**	**Lapsed**	**Cancelled**	**As at 31/12/2018**
Liu Jie 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	3,520,000	—	—	—	(3,520,000)	—
Rao Dacheng 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	35,200,000	—	—	—	(35,200,000)	—
Wan Tat Wai David 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	35,200,000	—	—	—	(35,200,000)	—
Zheng Fengwei 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	35,200,000	—	—	—	(35,200,000)	—
Zhang Decong 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	3,520,000	—	—	—	(3,520,000)	—
Chow Hiu Tung 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	3,520,000	—	—	—	(3,520,000)	—
Lai Kwok Leung 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	3,520,000	—	—	—	(3,520,000)	—
Lau Tai Chim 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	3,520,000	—	—	—	(3,520,000)	—
Employees and Consultants 30.11.2017	0.25	Nil	01.12.2017 to 30.11.2020	228,800,000	—	—	—	(228,800,000)	—
Total				352,000,000	—			(352,000,000)	—

DISCLOSURE OF INTERESTS

Directors' and Chief Executive's Interests and short positions in Shares, Underlying Shares and Debentures of the Company

As at 31 December 2018, the interest or short positions of the Directors and chief executive of the Company in Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or as were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**"):

Name of Director	Company/name of associated corporation	Nature of interest	Number of Ordinary Shares Long Position	Number of Ordinary Shares Short Position	Approximate % of shareholding
Li Yuguo	The Company	Interest in controlled corporation	2,288,235,000	—	59.13 (Note 1)
Yang Xiaoqiu	The Company	Beneficial owner	241,140,000	—	6.23

Note:

1. These 2,288,235 shares directly held through Zhong Ke Jiu Tai Technology Group Limited and ultimately wholly-owned by Mr. Li Yuguo.

Save as disclosed above, as at 31 December 2018, none of the Directors nor chief executive of the Company had registered any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to be under such provisions of the SFO), or as were recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in the Shares and Underlying Shares of the Company

So far as the Directors are aware, as at 31 December 2018, the following persons or corporations, other than the Directors or chief executive of the Company, had or were deemed or taken to have interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Capacity and nature of interest	Number of ordinary shares	Approximate % shareholding
Li Yuguo (appointed as Director on 19 September 2018)	Interest in controlled corporation	2,288,235,000 (Note 1)	59.13
Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited	Interest in controlled corporation	2,288,235,000 (Note 1)	59.13
Zhong Ke Jiu Tai Technology Group Limited	Beneficial owner	2,288,235,000 (Note 1)	59.13
Yang Xiaoqiu (appointed as Director on 8 February 2018)	Beneficial owner	241,140,000	6.23

Note:

1. These 2,288,235,000 Shares are registered in the name of Zhong Ke Jiu Tai Technology Group Limited, which is directly wholly-owned by Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited. The issued share capital of Zhong Ke Jiu Tai Resources Use Technology Holdings Company Limited is owned as to 100% by Mr. Li Yuguo.

All the interests stated above represent long positions. As at 31 December 2018, no short position were recorded in the register kept by the Company under Section 336 of the SFO.

Save as disclosed above, the Company has not been notified by any persons or corporations, other than the Directors or chief executives of the Company, who had or were deemed or taken to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO as at 31 December 2018.

MANAGEMENT CONTRACTS

There is no contract entered into by the Company relating to its management and administration of the entire or any substantial part of the business of the Group.

EMOLUMENT POLICY AND REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

The emolument policy of the employees of the Group is determined by the Board on the basis of their merit, qualifications and competence.

Under the Mandatory Provident Fund Scheme, the Hong Kong employees are required to make regular mandatory contributions calculated at 5% of the employee's relevant income to an MPF scheme, subject to the minimum and maximum relevant income levels. No forfeited contribution is available to reduce the existing level of contributions for the defined contribution scheme.

The employees of the subsidiaries in the PRC are required to participate in a defined central pension scheme managed by the local municipal government of the areas in the PRC in which they operate. The subsidiaries are required to contribute certain percentage of the relevant part of the payroll of these employees to the central pension scheme.

The Company has adopted a share option scheme as incentive to Directors and eligible employees, details of which are set out in the paragraph headed "Share Option Scheme" above.

The emoluments of the Directors are decided by the Board and the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

Details of the Directors' remuneration and the five highest paid individuals are set out in notes 8 and 9, respectively, to the audited financial statements.

No Director has waived or has agreed to waive any emolument during the Year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance Code in Appendix 14 to the Listing Rules during the Year, except for code provision A.4.1 as set out above. Details of the corporate governance of the Company are set out in the Corporate Governance Report on pages 19 to 31.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed minimum public float under the Listing Rules during the Year and at any time up to the date of this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

RELIEF OF TAXATION

The Company is not aware of any relief from taxation available to its shareholders by reason of their holding of the shares of the Company.

BUSINESS REVIEW AND PRINCIPAL RISKS AND UNCERTAINTIES

The business review of the Group for the Year, an indication of likely future developments in the Group's business and the principal risks and uncertainties facing the Group are included in the "Management Discussion and Analysis" in this report on page 6 to 18. Those discussions form part of this Report of the Directors.

EVENTS AFTER REPORT PERIOD

Details of significant subsequent events are set out in note 36 to the financial statements.

AUDITORS

The consolidated financial statements of the Group for the Year have been audited by Messrs. Ernst & Young, which will retire and, being eligible, offer themselves for re-appointment at the forthcoming 2019 AGM. A resolution will be proposed to the 2019 AGM to re-appoint Messrs. Ernst & Young as auditors of the Company.

The Company has not changed its external auditors during each of the years ended 31 December 2014, 2015, 2016, 2017 and 2018.

On behalf of the Board

Liu Jie
Chairperson and Executive Director
Hong Kong, 28 March 2019

The profile of Directors and senior management as at the date of this annual report are as follows:

EXECUTIVE DIRECTORS

Ms. Liu Jie, aged 51, graduated from Guizhou Radio & TV University* (貴州廣播電視大學) with a bachelor's degree in finance and accounting computerisation in 1986. She has extensive experience in business management and finance. Ms. Liu worked as a vice president at Shenzhen Maiconi Instruments Company Limited* (深圳市邁可尼儀器有限公司) from January 1994 to December 2010. Since January 2011, she has been an executive director and the legal representative of National Finance & Guarantee Company Limited* (深圳市華圳融資擔保有限公司). Since November 2012, she has been appointed as a supervisor of Shenzhen Kaiye Industrial Company Limited* (深圳市凱業實業有限責任公司). Since January 2014, she has been a director and the president of Shenzhen Hengde Jianxing Equity Investment Fund Management Company Limited* (深圳市前海恒德健行投資控股有限公司). Since December 2016, she has been the chairperson of Shenzhen Finger Media Company Limited* (深圳市指媒數字股份有限公司), a company listed on the National Equities Exchange and Quotations of The People's Republic of China (NEEQ: 837213).

Mr. Chen Gang, aged 42, graduated from Beijing Institute of Fashion Technology* (北京服裝學院) with a bachelor's degree in international trade in July 1999 and a master degree in industrial economics from Beijing Technology and Business University* (北京工商大學) in June 2005. He has extensive experience in operation, investment and corporate management. Since August 2009, he has been an executive director and the vice president of Beijing Jiutai Holdings Limited* (北京九台集團有限公司).

Mr. Hu Minglong, aged 43, graduated from Capital Normal University* (首都師範大學) with a bachelor of arts degree in Chinese language and literature education* (漢語言文學教育) in July 1999 and a master of laws from Renmin University of China* (中國人民大學) in January 2012. He has extensive experience in business strategy, business modelling and corporate management. Since February 2017, he has been an executive director and the vice president of Beijing Oriental Media Properties Limited* (北京東方梅地亞置業有限公司).

Mr. Li Yuguo, aged 64, graduated from Jiangxi University of Finance and Economics (formerly known as Jiangxi Institute of Finance and Economics (江西財經學院)) (Jiangxi, PRC) in July 1983, majoring in industrial accounting. He was also appointed as an executive director of Asia Resources Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (Stock Code: 899) on 16 August 2017. He has been a non-executive director of Shengjing Bank Co., Ltd.* (盛京銀行股份有限公司), a company listed on the Main Board of the Stock Exchange (Stock Code: 2066), since July 2013 and the vice chairman of the board of directors of the said bank since June 2014. He has been the chairman of Liaoning Huibao International Investment Group Co., Ltd.* (遼寧匯寶國際投資集團有限公司) since June 2013 and the chairman of Beijing Jiutai Group Co., Ltd.* (北京九台集團有限公司) since May 1993. Liaoning Huibao International Investment Group Co., Ltd. is principally engaged in investing activities and Beijing Jiutai Group Co., Ltd.* (北京九台集團有限公司) is principally engaged in property development, property investment and management. Prior to that, he had worked at the planning bureau of the China Association for Science and Technology* (中國科學技術協會) as principal staff, deputy chief and chief of the accounting division from August 1983 to October 1992. Mr. Li also has experience in mining business in The People's Republic of China (the "**PRC**") relating to non-ferrous metals mining during his involvement in Beijing Jiutai Group Co. Limited and related affiliate companies.

* For identification purpose only

Mr. Rao Dacheng, aged 43, graduated from Beijing Jing Qiao University* (北京京橋大學) with a bachelor's degree in business administration in 1999. He has extensive experience in business management, strategy development and execution. Mr. Rao worked as a general manager at Wuhan Huatong Electric Equipment Company* (武漢華通電氣設備公司) from February 2000 to March 2001. From January 2004 to September 2010, he held the position of general manager at Qingdao Chuanghao Group Co. (Shenyang) Limited* (青島創豪集團（瀋陽）分公司). From October 2010 to September 2013, he held the position of general manager at Zhejiang Fifth Season Trading Limited* (第五季（浙江）商貿有限公司). From September 2013 to September 2014, he held the position of director at Fifth Season International Petrochemical (Shenzhen) Limited* (第五季國際石化（深圳）有限公司). Since September 2014, he has been a director of HaiNanZhong Fishing Boat Service Limited* (海南中漁船務服務有限公司).

Ms. Yang Xiaoqiu, aged 32, graduated from Hangzhou Normal University Qianjiang College* (杭州師範大學錢江學院) with a bachelor's degree in tourism management in July 2008. She has extensive experience in operation and corporate management. Ms. Yang held the position of director at Hangzhou Chinese Apparel Limited* (杭州華人服飾有限公司) from September 2008 to May 2014. Since July 2015, she has been the chairman of Shanghai Dons Lamour Jewelry Limited* (上海再戀珠寶有限公司). Since August 2017, she has been a director of AARUI International Group Holding Company Limited (愛瑞爾國際集團控股有限公司).

NON-EXECUTIVE DIRECTOR

Mr. Yang Xiaoqiang, aged 47, obtained a master of civil and commercial law from Shenyang Normal University* (瀋陽師範大學) in July 2001. Mr. Yang has extensive experience in real estate development and investment management. He has been appointed as director and general manager of Shenyang Tairong Real Estate Development Corporation Limited* (瀋陽泰榮房地產開發有限公司) since September 2010.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chen Xun, aged 45, obtained a professional qualification in financial auditing (財金系審計專業) from Nanjing Audit College* (南京審計學院) in July 1995 and a bachelor's degree in accounting (會計學專業) from Nanjing University of Science & Technology* (南京理工大學) in July 2003. He was certified as a Senior Accountant by Human Resources and Social Security Department of Jiangsu Province* (江蘇省人力資源和社會保障廳) in July 2013. He has extensive experience in auditing and accounting, corporate finance, investment and financial management. Since February 2008, he has been the head of the ministry of securities department of Jiangsu Yueda Investment Company Limited* (江蘇悅達投資股份有限公司), a company listed on the Shanghai Stock Exchange of the PRC (stock code: 600805.SH).

Mr. Lau Chi Pang, aged 58, is currently a professor in the history department of Lingnan University. He has lectured at Lingnan University since September 1993. He has also been the secretary general of Hong Kong Local Records Foundations and director of Hong Kong Local Records Office (香港地方誌辦公室) since June 2009 and the director of the history of Hong Kong and southern China research department of Lingnan University since September 2005. He had served as the vice chairman of the Tuen Mun District Council of Hong Kong from July 2011 to December 2011 and had been a member of the Tuen Mun District Council from January 2004 to December 2011. He has been an independent non-executive director of Shengjing Bank Co., Ltd. (盛京銀行股份有限公司) (Stock Code: 02066) since May 2014. He obtained a master of philosophy from the University of Hong Kong in November 1987 and a doctor of philosophy from the University of Washington in August 2000.

* For identification purpose only

Ms. Liu Shuyan, aged 43, graduated from Renmin University of China* (中國人民大學) with a bachelor's degree in Accounting (會計專業) in September 2005. She was certified as a Senior Accountant by the Senior Accreditation Committee of Professional Qualifications in Accounting of Shandong Province* (山東省會計專業資格高級評審委員會) in June 2017. Ms. Liu has more than 20 years of experience in financial reporting, corporate finance, investment and financial management. Since August 2013, she has been appointed as director, deputy general manager and the financial controller of Kairuide Holding Company Limited* (凱瑞德控股股份有限公司) ("**Kairuide**"), a company listed on the Shenzhen Stock Exchange of the PRC (stock code: 2072.SZ). The work responsibilities of Ms. Liu as the financial controller of Kairuide include (1) overseeing the daily financial accounting affairs and audit of Kairuide and its subsidiaries; (2) reviewing and supervising the financial reporting process and preparing the consolidated financial statements of Kairuide and its subsidiaries; (3) preparing the capital budget and operation efficiency analysis; (4) establishing the internal control system of Kairuide and supervising the accounting personnel to ensure the soundness of the financial management; and (5) coordinating with the external financial institutions on the arrangement of provision of financings.

Mr. Zhang Yijun, aged 63, obtained his bachelor's degree in environmental engineering from China University of Geosciences* (中國地質大學) in July 2005 and a diploma in geological mineral exploration from Hunan Province School of Geosciences* (湖南省地質學校) in August 1980. From August 1980 to July 2015, he has served at Hunan Province Geological Survey Institute* (湖南省湘南地質勘察院) for geological survey and mineral exploration.

SENIOR MANAGEMENT

Mr. Liu Yan Chee James, aged 48, was appointed as chief executive officer of our Group on 26 October 2018. He has over 24 years of experience in finance and accounting. Mr. Liu has been the sales director and licensed representative of KGI Asia Limited during the period between October 2004 to September 2010 and Tung Shing Securities (Brokers) Limited during the period between September 2010 and October 2015. In February 1994, he graduated from Dalhousie University in Canada with a Bachelor of Commerce. He is an executive director and the chief executive officer of Asia Resources Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 899) ("**Asia Resources**") and an executive director of Mindtell Technology Limited, a company listed on GEM (stock code: 8611). He was also an independent non-executive director of Luen Wong Group Holdings Limited, a company listed on GEM (stock code: 8217) from March 2016 to December 2017.

Mr. Liu Zhanghui, aged 41, is currently the mine head of our Yiduoyan Project. He has approximately ten years of experience in extraction activities and production safety. Mr. Liu joined our Group in February 2012 and was appointed as the mine head of our Yiduoyan Project in June 2012. He is the key on-site person-in-charge of the daily operation of our Yiduoyan Project. Mr. Liu is primarily responsible for the setting up and management of mining production team, execution of mining plans, supervision and management of production activities, providing technical support and training to technical personnel for extraction activities, as well as overseeing production safety. Mr. Liu graduated from China Three Gorges University in July 2005.

Mr. Wu Ho Wai, aged 42, was appointed as the chief financial officer and company secretary of our Group on 25 October 2018. He is the fellow member of the Association of Chartered Certified Accountants and also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wu holds a degree of Bachelor of Arts in Accountancy from Hong Kong Polytechnic University. Mr. Wu has over 18 years of experience in accounting and auditing. He is also the company secretary and an authorized representative of Asia Resources.

* For identification purpose only

INDEPENDENT AUDITOR'S REPORT

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To the Shareholders of Future Bright Mining Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Future Bright Mining Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 57 to 125, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities* for *the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
1. Impairment assessment on non-financial assets (other than goodwill)	
The Group's non-financial assets during the year mainly comprised in mining right and property, plant and equipment. The assessment of the existence of indicators of impairment of the carrying amount of non-financial assets is judgemental. In the event that indicators are identified, the assessment of recoverable amounts of non-financial assets is also judgemental. The estimates involved are particularly significant due to volatility of the market price of marble blocks, the estimation of future production and the uncertainty in connection with future economic outlook. The changes in the economic environment in China may lead to a decrease in production, revenue and profitability of the Group. Management determined that indicators of impairment on non-financial assets existed as at the end of the reporting period. Accordingly, management performed impairment assessment on non-financial assets and an impairment loss of RMB16,107,000 was recognised during the year ended 31 December 2018. Related disclosures are included in notes 3, 13, 14 and 16 to the financial statements.	We assessed the value-in-use of the Group's individual cash-generating unit ("CGU") to which the assets belong and the impairment indicator exists, which included, among others, involving our valuation specialists to assist us in evaluating the key assumptions and methodologies used by management, in particular, marble block price projection, discount rate, and checking the data of mine reserves and resources used in the mine reserve report, issued by qualified external party and certified by the local authority. Regarding the marble block price projections and discount rate, we compared the key assumptions with the external information resources on the marble block industry and analysis of the specific risks relating to the relevant CGUs. Regarding the capacity and projected output suggested within the mine reserve report, we assessed the mine geologist's professional competence in preparing the report and understanding the assumptions used in the estimation of mineral reserves and resources. We also focused on the adequacy of the Group's disclosures of impairment of non-current assets.
2. Recoverability of receivables	
As at 31 December 2018, the Group had trade receivables, other receivables and loans receivable amounted to RMB31,071,000, RMB4,050,000 and RMB8,026,000, respectively. Management's estimate is required in assessing the expected credit losses ("ECL") in accordance with IFRS 9. ECLs for receivables are based on management's estimate of lifetime ECL to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue receivables, customers' repayment history and an assessment of both the current and forecast macro-economic conditions, all of which involve a significant degree of management judgement. Management has performed ECL analysis and concluded that an ECL allowance of RMB3,334,000, RMB262,000 and RMB3,056,000, respectively, should be recorded in the current year. Related disclosures are included in notes 2.2, note 3, note 19, note 20 and note 22 to the financial statements.	We examined management's assessment of the ECLs of receivables by checking, on a sampling basis, the bank-in-slips for the settlements received subsequent to the end of the reporting period, the correctness of receivable ageing report, the recent historical repayment patterns and the correspondence with debtors. We also assessed the methodology in the ECL model against the requirement of IFRS 9. Furthermore, we also assessed the adequacy of disclosures in the financial statements.

KEY AUDIT MATTERS (continued)

Key audit matter	How our audit addressed the key audit matter
3. Impairment of goodwill	
As at 31 December 2018, the cost of goodwill of the Group amounted to RMB4,453,000 and the carrying amount of goodwill, net of impairment, was zero. In accordance with IFRSs, the Group is required to perform impairment testing of goodwill at least on an annual basis. The impairment test was based on the recoverable amount of the CGU. Management measured the recoverable amount using the value-in-use calculation based on the discounted cash flows. During the year, the directors of the Company determined an impairment of RMB4,453,000 for the above CGU containing goodwill. Related disclosures are included in notes 3 and 15 to the financial statements.	We evaluated management's future cash flows forecasts and the process by which they were determined and approved, including checking the business plan, and checking the mathematical accuracy of the underlying calculations. We assessed supporting evidence regarding the carrying value of goodwill, and the related disclosures, through checking key assumptions in the cash flows forecasts by comparing them to historical results and business plan. We involved our internal valuation specialists to assist us in reviewing the methodology and discount rate. We also assessed the related disclosures made in the financial statements.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Siu Fung Terence Ho.

Ernst & Young
Certified Public Accountants
Hong Kong

28 March 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
REVENUE	5	**38,746**	42,540
Cost of sales		**(30,240)**	(32,610)
Gross profit		**8,506**	9,930
Other income and gains	5	**1,823**	2,109
Selling and distribution expenses		**(6,623)**	(2,251)
Administrative expenses		**(21,191)**	(48,927)
Other expenses		**(23,298)**	(2,115)
Impairment losses on financial assets		**(6,567)**	—
Losses on change in fair value of financial assets at fair value through profit or loss		**(2,342)**	(1,073)
Finance costs	7	**(74)**	(70)
LOSS BEFORE TAX	6	**(49,766)**	(42,397)
Income tax credit/(expense)	10	**113**	(831)
LOSS FOR THE YEAR		**(49,653)**	(43,228)
Attributable to:			
Owners of the Company		**(49,528)**	(43,171)
Non-controlling interests		**(125)**	(57)
		(49,653)	(43,228)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12		
Basic and diluted			
For loss for the year		**RMB1.28 cents**	RMB1.16 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	2018 RMB'000	2017 RMB'000
LOSS FOR THE YEAR	**(49,653)**	(43,228)
OTHER COMPREHENSIVE INCOME		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**3,404**	(3,565)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**3,404**	(3,565)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(46,249)**	(46,793)
Attributable to:		
Owners of the Company	**(46,602)**	(46,736)
Non-controlling interests	**353**	(57)
	(46,249)	(46,793)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**11,848**	19,420
Long-term prepayments	14	**618**	754
Goodwill	15	**—**	4,249
Other intangible assets	16	**22,074**	35,940
Total non-current assets		**34,540**	60,363
CURRENT ASSETS			
Inventories	18	**3,869**	2,387
Trade receivables	19	**31,071**	34,285
Prepayments, other receivables and other assets	20	**23,036**	9,998
Financial assets at fair value through profit or loss	21	**8,774**	11,489
Loans receivable	22	**8,026**	5,852
Cash and cash equivalents	23	**2,655**	19,270
Total current assets		**77,431**	83,281
CURRENT LIABILITIES			
Trade payables	24	**480**	150
Other payables and accruals	25	**9,345**	2,464
Tax payable		**84**	474
An amount due to the ultimate controlling shareholder	32	**4,152**	—
Total current liabilities		**14,061**	3,088
NET CURRENT ASSETS		**63,370**	80,193
TOTAL ASSETS LESS CURRENT LIABILITIES		**97,910**	140,556
NON-CURRENT LIABILITIES			
Deferred tax liabilities	17	**9,395**	9,810
Provision for rehabilitation	26	**1,182**	1,108
Total non-current liabilities		**10,577**	10,918
Net assets		**87,333**	129,638

	Notes	2018 RMB'000	2017 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	**3,087**	3,087
Reserves	28	**80,002**	126,608
		83,089	129,695
Non-controlling interests		**4,244**	(57)
Total equity		**87,333**	129,638

Ms. Liu Jie
Chairman

Ms. Yang Xiaoqiu
Director

	Attributable to owners of the Company											
	Share capital RMB'000 (Note 27)	Share premium* RMB'000 (Note 27)	Share option reserve* RMB'000 (Note 28)	Capital reserve* RMB'000 (Note 28)	Contributed reserve* RMB'000 (Note 28)	Safety fund surplus reserve* RMB'000 (Note 28)	Statutory reserve fund* RMB'000 (Note 28)	Foreign currency translation reserve* RMB'000	Accumulated losses* RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2018	3,087	119,317	29,105	24,216	34,152	119	238	1,741	(82,280)	129,695	(57)	129,638
Loss for the year	–	–	–	–	–	–	–	–	(49,528)	(49,528)	(125)	(49,653)
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	2,926	–	2,926	478	3,404
Total comprehensive loss for the year	–	–	–	–	–	–	–	2,926	(49,528)	(46,602)	353	(46,249)
Capital injections from non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	3,948	3,948
Establishment for safety fund surplus reserve	–	–	–	–	–	90	–	–	(90)	–	–	–
Cancellation of share options	–	–	(29,105)	–	–	–	–	–	29,105	–	–	–
Use of safety fund surplus reserve	–	–	–	–	–	(4)	–	–	–	(4)	–	(4)
At 31 December 2018	3,087	119,317	–	24,216	34,152	205	238	4,667	(102,793)	83,089	4,244	87,333
At 1 January 2017	2,782	58,174	—	24,216	34,152	78	—	5,306	(38,811)	85,897	—	85,897
Loss for the year	—	—	—	—	—	—	—	—	(43,171)	(43,171)	(57)	(43,228)
Other comprehensive income for the year:												
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(3,565)	—	(3,565)	—	(3,565)
Total comprehensive loss for the year	—	—	—	—	—	—	—	(3,565)	(43,171)	(46,736)	(57)	(46,793)
Establishment for safety fund surplus reserve	—	—	—	—	—	60	—	—	(60)	—	—	—
Use of safety fund surplus reserve	—	—	—	—	—	(19)	—	—	—	(19)	—	(19)
Transfer from retained profits	—	—	—	—	—	—	238	—	(238)	—	—	—
Share placing	305	62,912	—	—	—	—	—	—	—	63,217	—	63,217
Share issue expenses	—	(1,769)	—	—	—	—	—	—	—	(1,769)	—	(1,769)
Issue of share options	—	—	29,105	—	—	—	—	—	—	29,105	—	29,105
At 31 December 2017	3,087	119,317	29,105	24,216	34,152	119	238	1,741	(82,280)	129,695	(57)	129,638

* These reserve accounts comprised the consolidated reserves of RMB80,002,000 as at 31 December 2018 (31 December 2017: RMB126,608,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Loss before tax	6	**(49,766)**	(42,397)
Adjustments for:			
Finance costs	7	**74**	70
Interest income	5	**(1,375)**	(517)
Fair value losses of financial assets at fair value through profit or loss	6	**2,342**	1,073
Use of safety fund surplus reserve		**(4)**	(19)
Depreciation	6, 13	**2,760**	2,916
Amortisation of a long-term prepayment	6, 14	**140**	92
Amortisation of intangible assets	6, 16	**2,966**	2,386
Impairment of goodwill	6, 15	**4,453**	—
Impairment of financial assets	6	**6,567**	—
Impairment of non-financial assets	6	**16,107**	—
Equity-settled share option expense	6, 28	**—**	29,105
		(15,736)	(7,291)
Increase in inventories		**(1,482)**	(176)
Increase in trade receivables		**(120)**	(17,747)
Increase in prepayments, other receivables and other assets		**(13,038)**	(8,343)
Increase in trade payables		**330**	150
Increase in an amount due to the ultimate controlling shareholder		**4,152**	—
Increase/(decrease) in other payables and accruals		**2,990**	(434)
Increase in contract liabilities		**3,891**	—
Cash used in operations		**(19,013)**	(33,841)
Interest received		**15**	21
Income taxes paid		**(692)**	(1,154)
Net cash flows used in operating activities		**(19,690)**	(34,974)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		**1,098**	262
Purchases of items of property, plant and equipment and other long-term assets		**(10)**	(2,112)
Payment for farmland occupation tax		**(320)**	(305)
Purchases of financial assets fair value through profit or loss		**373**	(12,562)
Provided loan receivables		**(5,230)**	(5,852)
Acquisition of a subsidiary		**—**	(5,869)
Net cash flows used in investing activities		**(4,089)**	(26,438)

	Notes	2018 RMB'000	2017 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from placing of shares		–	63,217
Share placing expenses		–	(1,769)
Capital injections from non-controlling shareholders of subsidiaries		3,948	—
Net cash flows from financing activities		3,948	61,448
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(19,831)	36
Cash and cash equivalents at beginning of year		19,270	22,641
Effect of foreign exchange rate changes, net		3,216	(3,407)
CASH AND CASH EQUIVALENTS AT END OF YEAR		2,655	19,270
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	23	2,655	19,270

1. CORPORATE AND GROUP INFORMATION

The Company was an exempted company with limited liability incorporated in the Cayman Islands on 23 August 2013 under the Companies Law, Chapter 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

During the year, the Group was involved in the following principal activities:

- excavation and sale of marble blocks;
- production and sale of marble related products;
- money lending; and
- trading of mineral commodities.

On 4 April 2018, Kai De Int'l Holding Limited, a substantial shareholder of the Company, had voluntarily disposed of an aggregate of 400,000,000 shares of the Company to Zhong Ke Jiu Tai Technology Group Limited (which is owned as to 100% by Mr. Li Yuguo), at HK$0.17 per each share. After the transaction, Mr. Li Yuguo effectively owned 10.34% of the issued share capital of the Company.

On 10 July 2018, the Company and Zhong Ke Jiu Tai Technology Group Limited jointly announced that a voluntary conditional cash offer would be made by to acquire all issued shares, at HKD0.17 per each share, and to cancel all outstanding Options of the Company. By 7 September 2018, Zhong Ke Jiu Tai Technology Group Limited received valid acceptances in respect of a total of 1,888,235,000 shares under the Share offer, representing approximately 48.79% of the entire issued share capital of the Company, and valid acceptances of the Option offer. Zhong Ke Jiu Tai Technology Group Limited held an aggregate of 2,288,235,000 Shares, representing approximately 59.13% of the entire issued share capital of the Company.

In the opinion of the directors, the holding company of the Company is Zhong Ke Jiu Tai Technology Group Limited, a private company incorporated in the Hong Kong, and the ultimate controlling shareholder of the Company is Mr. Li Yuguo.

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Gold Title Investments Limited	British Virgin Islands	US$50,000	100	—	Investment holding
Future Bright (H.K.) Investment Limited	Hong Kong	HKD10,000	—	100	Commodity trading
Future Bright Enterprise Group Limited***	Hong Kong	HKD1	—	100	Investment holding
Xiangyang Future Bright Mining Limited*	PRC/Mainland China	RMB20,000,000	—	100	Mining, ore processing and sale of marble products
Guangdong Future Bright Materials Limited**	PRC/Mainland China	RMB10,000,000	—	100	Wholesaling of construction and decoration materials
Future Bright Huanshuo (Xiamen) Building Materials Technology Company Limited***	PRC/Mainland China	RMB23,000,000	—	60	Wholesaling of construction and decoration materials
Future Bright Manganese Company Limited****	Hong Kong	HKD10,000,000	—	51	Commodity trading
Future Bright Lithium Technology Company Limited****	Hong Kong	HKD10,000,000	—	51	Commodity trading
Future Bright Finance Limited****	Hong Kong	HKD10,000	—	100	Money lending
GoGo Education Group Limited****	Hong Kong	HKD1	—	100	Education

* Xiangyang Future Bright Mining Limited is registered as a wholly-foreign-owned enterprise under PRC law.

** Guangdong Future Bright Materials Limited is a limited liability company wholly owned by Xiangyang Future Bright Mining Limited under PRC law.

*** Future Bright Huanshuo (Xiamen) Building Materials Technology Company Limited is a limited liability company jointly invested by Future Bright (H.K.) Investment Limited and Xiamen Huanshuo Trading Limited under PRC law.

**** The Group have entered into sales and purchase agreements with purchasers in February and March 2019 to dispose the following entities: Future Bright Enterprise Group Limited, GoGo Education Group Limited, Future Bright Lithium Technology Company Limited, Future Bright Manganese Limited and Future Bright Finance Limited. Please refer to Note 36 for details of the transactions.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB") and International Accounting Standards ("IASs") and Standing Interpretations Committee interpretations approved by the International Accounting Standards Committee and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*
IFRS 9	*Financial Instruments*
IFRS 15	*Revenue from Contracts with Customers*
Amendments to IFRS 15	*Clarifications to IFRS 15 Revenue from Contracts with customers*
Amendments to IAS 40	*Transfers of Investment Property*
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*
Annual Improvements 2014–2016 Cycle	Amendments to IFRS 1 and IAS 28

Other than as explained below regarding the impact of IFRS 9 and IFRS 15, the adoption of the above new and revised standards has had no significant financial effect on these financial statements. The nature and the impact of the amendments are described below:

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment.

The adoption of IFRS 9 had no significant impact on the company's classification and measurement, impairment and reserves and accumulated losses at 1 January 2018.

IFRS 15 and its amendments replace IAS 11 *Construction Contracts*, IAS 18 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in note 5 to the financial statements. As a result of the application of IFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the financial statements.

The Group has adopted IFRS 15 using the modified retrospective method of adoption.

There was no financial impact of the transition to IFRS 15 on the Group's accumulated losses at 1 January 2018.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, which have been issued but are not yet effective, in these financial statements:

Amendments to IFRS 3	*Definition of a Business*[2]
Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[3]
Amendments to IAS 1 and IAS 8	*Definition of Material*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term interests in Associates and Joint Ventures*[1]
IFRIC 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements 2015–2017 Cycle	Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23[1]

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for annual periods beginning on or after 1 January 2021

4 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group described below.

Other than as further explained below regarding the impact of IFRS 16 and IFRIC 23, IAS 1 and IAS 8, the Group expects that the adoption of the new and revised IFRSs will have no significant financial effect on the Group's results of operations and financial position.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRS 16, replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases — Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees — leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40, or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosures than under IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt IFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in IFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying IAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application.

The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of IFRS 16. The Group has estimated that right-of-use assets of RMB1,965,000 and lease liabilities of RMB1,841,000 will be recognised at 1 January 2019, with a corresponding adjustment to the opening balance of retained earnings.

Amendments to IAS 1 and IAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from 1 January 2020. The amendments are not expected to have any significant impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

IFRIC 23, addresses the accounting for income taxes (current and deferred) when tax treatments involve uncertainty that affects the application of IAS 12 (often referred to as "uncertain tax positions"). The interpretation does not apply to taxes or levies outside the scope of IAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The interpretation specifically addresses (i) whether an entity considers uncertain tax treatments separately; (ii) the assumptions an entity makes about the examination of tax treatments by taxation authorities; (iii) how an entity determines taxable profits or tax losses, tax bases, unused tax losses, unused tax credits and tax rates; and (iv) how an entity considers changes in facts and circumstances. The interpretation is to be applied retrospectively, either fully retrospectively without the use of hindsight or retrospectively with the cumulative effect of application as an adjustment to the opening equity at the date of initial application, without the restatement of comparative information. The Group expects to adopt the interpretation from 1 January 2019. The interpretation is not expected to have any significant impact on the Group's financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its financial assets at fair value through profit or loss at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation of items of property, plant and equipment, other than mining infrastructure, is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings and improvements	9.70% to 33.00%
Plant and machinery	9.70% to 19.40%
Motor vehicles	24.25% to 33.00%
Office equipment	19.40% to 33.00%

Depreciation of mining infrastructure is calculated using the Units of Production ("UOP") method to write off the cost of the assets proportionate to the extraction of the proved and probable mineral reserves. The estimated useful life of the mining infrastructure is 20 years, which is determined in accordance with the production plans of the entities concerned and the proved and probable reserves of mines using the UOP method.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)
An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents items of property, plant and equipment under construction, which are stated at cost less any impairment losses, and are not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Stripping costs
As part of its mining operations, the Group incurs stripping (waste removal) costs during the development phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised in property, plant and equipment as part of the cost of constructing the mine and subsequently amortised over its useful life using the UOP method.

Intangible assets (other than goodwill)
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Mining right
Mining right is stated at cost less accumulated amortisation and any impairment losses. Mining right includes the cost of acquiring mining licences, exploration and evaluation costs transferred from exploration rights and assets upon determination that an exploration property is capable of commercial production, and the cost of acquiring interests in the mining reserves of existing mining properties. The mining right is amortised over the estimated useful lives of the mines, in accordance with the production plans of the entities concerned and the proved and probable reserves of the mines using the UOP method. The mining right is written off to profit or loss if the mining property is abandoned.

The estimated useful life of the mining right is based on its unexpired period, i.e., no later than 30 December 2021.

Money lending licence
Money lending licence is stated at cost less any impairment losses. The cost of a money lending licence acquired in a business combination is the fair value at the date of acquisition. The money lending licence will not be amortised until its useful life is determined to be finite, but subject to impairment testing annually.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition (applicable from 1 January 2018)" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of loans and receivables is as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IFRS 9 applicable from 1 January 2018) (continued)

Subsequent measurement (continued)

Financial assets at amortised cost (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Subsequent measurement

The subsequent measurement of loans and receivables is as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (policies under IAS 39 applicable before 1 January 2018) (continued)

Subsequent measurement (continued)

Financial assets at fair value through profit or loss (continued)

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition (applicable before 1 January 2018)" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in IAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in other expenses for receivables.

Derecognition of financial assets (policies under IFRS 9 applicable from 1 January 2018 and policies under IAS 39 applicable before 1 January 2018)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under IFRS 9 applicable from 1 January 2018)
The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach
ECLs are recognised in two measurement bases. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach
For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (policies under IAS 39 applicable before 1 January 2018)

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and accruals, contract liabilities, and an amount due to the ultimate controlling shareholder.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial liabilities (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments (policies under IFRS 9 applicable from 1 January 2018 and IAS 39 applicable before 1 January 2018)

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions (continued)

Provisions for the Group's obligations for rehabilitation are based on estimates of required expenditure at the mines in accordance with the PRC rules and regulations. The obligation generally arises when the asset is installed or the ground environment is disturbed at the mining operation's location. The Group estimates its liabilities for final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related mining infrastructure.

Over time, the discounted liability is increased for the change in present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within finance costs in the statement of profit or loss. The asset is depreciated using the UOP method over its expected life and the liability is accreted to the projected expenditure. Additional disturbances or changes in estimates will be recognised as additions or changes to the corresponding assets and rehabilitation liabilities when they occur at the appropriate discount rate.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred taxes assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Revenue recognition (applicable from 1 January 2018)

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (applicable from 1 January 2018) (continued)

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Rendering of services

Revenue from rendering of services is recognised in the period in which the services are rendered.

(c) Other Income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue recognition (applicable before 1 January 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, in the period in which the services are rendered; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities (applicable from 1 January 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the subsidiaries in Mainland China are required to participate in a defined central pension scheme managed by the local municipal government of the areas in Mainland China in which they operate. The subsidiaries are required to contribute a certain percentage of the relevant part of the payroll of these employees to the central pension scheme. The Group has no obligation for the payment of retirement benefits beyond the annual contributions. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Employee benefits (continued)

Housing fund

Contributions to a defined contribution housing fund administered by the Public Accumulation Funds Administration Centre in Mainland China are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. The Group's liability in respect of the housing fund is limited to the contribution payable in each period.

Foreign currencies

These financial statements are presented in RMB. The functional currency of the Company is the Hong Kong dollar ("HKD"). The Company's presentation currency is RMB because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using the functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Impairment of RMB4,453,000 had been provided during the year. The net carrying amount of goodwill at 31 December 2018 was zero (2017: RMB4,249,000). Further details are given in note 15.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for each customer.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the stone processing sector or the property refurbishment sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables, is disclosed in note 19 to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Impairment of RMB16,107,000 (2017: Nil) had been provided during the year. Further details are given in note 13, 14 and note 16 to the financial statements.

Mine reserves

Engineering estimates of the Group's mine reserves are inherently imprecise and represent only approximate amounts because of the significant judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated mine reserves can be designated as "proved" and "probable". Proved and probable mine reserve estimates are updated at regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of proved and probable mine reserves also changes. This change is considered as a change in estimate for accounting purposes and is reflected on a prospective basis in the amortisation rate calculated on the UOP basis and the time period for discounting the rehabilitation provision. Changes in the estimate of mine reserves are also taken into account in impairment assessments of non-current assets.

Useful lives of property, plant and equipment

The Group estimates useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and actions of its competitors. Management will increase the depreciation charge where useful lives are less than previously estimated, or it will record an impairment provision for technically obsolete assets that have been abandoned. The carrying amount of property, plant and equipment as at 31 December 2018 was RMB11,848,000 (2017: RMB19,420,000).

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax relating to recognised tax losses at 31 December 2018 was zero (2017: Nil). The amount of unrecognised tax losses at 31 December 2018 was RMB12,532,000 (2017: RMB8,545,000). Further details are contained in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for rehabilitation

Provision for rehabilitation is based on estimates of future expenditures incurred by management to undertake rehabilitation and restoration work which are discounted at a rate reflecting the term and nature of the obligation to their present value. Significant estimates and assumptions are made in determining the provision for rehabilitation as there are numerous factors that will affect the ultimate liability payable. These factors include estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes, cost increases and changes in discount rate. Those uncertainties may result in future actual expenditure differing from the amounts currently provided. The provision at the end of the reporting period represents management's best estimate of the present value of the future rehabilitation costs required. Changes to estimated future costs are recognised in the consolidated statement of financial position by adjusting the rehabilitation asset and liability. The carrying amount of provision for rehabilitation as at 31 December 2018 was RMB1,182,000 (2017: RMB1,108,000).

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. Management reassesses these estimates at the end of each reporting period. The carrying amount of inventories as at 31 December 2018 was RMB3,869,000 (2017: RMB2,387,000).

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the marble blocks segment is a supplier of marble blocks mainly for further processing, construction or trading;

(b) the commodity trading segment conducts trading business of commodities; and

(c) the "others" segment comprises, principally, the Group's money lending services, which provide loans to customers and generate interest income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's loss before tax except that interest income, finance costs, dividend income, fair value gains/losses from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverable, pledged deposits, cash and cash equivalents, equity investments at fair value through profit or loss, derivative financial instruments and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude derivative financial instruments, interest-bearing bank and other borrowings, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2018	Marble blocks RMB'000	Commodity trading RMB'000	Others RMB'000	Total RMB'000
Segment revenue (note 5)				
Sales to external customers	7,854	30,892	—	38,746
Intersegment sales	2,852	—	—	2,852
	10,706	30,892	—	41,598
Reconciliation:				
Elimination of intersegment sales				(2,852)
Revenue				38,746
Segment results	(21,029)	(7,284)	(4,041)	(32,354)
Reconciliation:				
Elimination of intersegment results				897
Interest income				1,375
Finance costs				(74)
Corporate and other unallocated expenses				(19,610)
Loss before tax				(49,766)
Segment assets	54,556	56,954	8,464	119,974
Reconciliation:				
Elimination of intersegment receivables				(19,778)
Corporate and other unallocated assets				11,775
Total assets				111,971
Segment liabilities	22,552	5,933	37	28,522
Reconciliation:				
Elimination of intersegment payables				(19,778)
Corporate and other unallocated liabilities				15,894
Total liabilities				24,638
Other segment information:				
Depreciation and amortisation	4,505	1,020	341	5,866
Capital expenditure	320	10	—	330

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2017	Marble blocks RMB'000	Commodity trading RMB'000	Others RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	15,079	27,461	—	42,540
Intersegment sales	1,133	—	—	1,133
	16,212	27,461	—	43,673
Reconciliation:				
Elimination of intersegment sales				(1,133)
Revenue				42,540
Segment results	1,384	(2,766)	(37)	(1,419)
Reconciliation:				
Elimination of intersegment results				(570)
Interest income				517
Finance costs				(70)
Corporate and other unallocated expenses				(40,855)
Loss before tax				(42,397)
Segment assets	80,812	39,094	6,551	126,457
Reconciliation:				
Elimination of intersegment receivables				(18,301)
Corporate and other unallocated assets				35,488
Total assets				143,644
Segment liabilities	21,654	337	4	21,995
Reconciliation:				
Elimination of intersegment payables				(18,301)
Corporate and other unallocated liabilities				10,312
Total liabilities				14,006
Other segment information:				
Depreciation and amortisation	4,694	367	—	5,061
Capital expenditure*	4	1,099	432	1,535

* Capital expenditure consists of additions to property, plant and equipment and intangible assets including assets from the acquisition of a subsidiary.

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

	2018 **RMB'000**	2017 RMB'000
Hong Kong	**22,015**	25,526
Mainland China	**16,731**	17,014
	38,746	42,540

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2018 **RMB'000**	2017 RMB'000
Hong Kong	**1,187**	6,077
Mainland China	**33,353**	54,286
	34,540	60,363

The non-current asset information above is based on the locations of the assets.

Information about major customers

Revenue from each of the major customers, which amounted to 10% or more of the total revenue of the Group, is set out below:

	2018 **RMB'000**	2017 RMB'000
Customer A	**7,294**	—
Customer B	**4,728**	—
Customer C	**4,366**	—
Customer D	**4,128**	—
Customer E	**—**	14,463
Customer F	**—**	8,017
Customer G	**—**	7,551

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue is as follows:

	2018 RMB'000	2017 RMB'000
Revenue from contracts with customers		
Sale of goods	**38,746**	42,540

Revenue from contracts with customers

(i) Disaggregated revenue information

For the year ended 31 December 2018

Segments	Marble blocks RMB'000	Commodity trading RMB'000	Others RMB'000	Total RMB'000
Type of goods or services				
Sale of goods	7,854	30,892	–	38,746
Geographical markets				
Hong Kong	–	22,015	–	22,015
Mainland China	7,854	8,877	–	16,731
Total revenue from contracts with customers	7,854	30,892	–	38,746
Timing of revenue recognition				
Goods transferred at a point in time	7,854	30,892	–	38,746
Revenue from contracts with customers				
External customers	7,854	30,892	–	38,746
Intersegment sales	2,852	–	–	2,852
	10,706	30,892	–	41,598
Intersegment adjustments and eliminations	(2,852)	–	–	(2,852)
Total revenue from contracts with customers	7,854	30,892	–	38,746

There are no revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods.

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(ii) Performance obligations

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 180 days from delivery, except for new customers, where payment in advance is normally required.

There are no transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018.

	2018 RMB'000	2017 RMB'000
Other income		
Interest income from loans receivable	**1,360**	496
Bank interest income	**15**	21
Rendering of services	**448**	382
Others	**—**	29
	1,823	928
Gains		
Foreign exchange differences, net	**—**	1,181
	1,823	2,109

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2018 RMB'000	2017 RMB'000
Cost of inventories sold	30,240	32,610
Staff costs (including directors' remuneration (note 8)):		
Wages and salaries	9,147	7,998
Equity-settled share option expense	—	29,105
Pension scheme contributions	207	372
	9,354	37,475
Auditor's remuneration	1,185	1,155
Amortisation of intangible assets (note 16)	2,966	2,386
Amortisation of a long-term prepayment (note 14)	140	92
Depreciation of items of property, plant and equipment (note 13)	2,760	2,916
Fair value losses of financial assets at fair value through profit or loss	2,342	1,073
Foreign exchange differences, net	1,384	(1,181)
Impairment of goodwill (note 15)	4,453	—
Impairment of trade receivables (note 19)	3,325	—
Impairment of financial assets included in prepayments, other receivables and other assets (note 20)	256	—
Impairment of loans receivable (note 22)	2,986	—
Impairment of property, plants and equipment (note 13)	4,872	—
Impairment of long-term prepayments (note 14)	316	—
Impairment of other intangible assets (note 16)	10,919	—
Minimum lease payments under operating leases	2,252	1,950

7. FINANCE COSTS

	2018 RMB'000	2017 RMB'000
Interest on discounted provision for rehabilitation	74	70

8. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2018 RMB'000	2017 RMB'000
Fees	553	413
Other emoluments:		
Salaries, allowances and benefits in kind	2,708	2,011
Equity-settled share option expense	—	10,652
Pension scheme contributions	—	—
	3,261	13,076

(a) Independent non-executive directors

	Fees RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
2018			
Mr. Chow Hiu Tung	99	—	99
Mr. Lau Tai Chim	99	—	99
Mr. Lai Kwok Leung	99	—	99
Mr. Hu Minglong	84	—	84
Ms. Liu Shuyan	43	—	43
Prof. Lau Chi Pang JP	43	—	43
Mr. Zhang Yijun	43	—	43
Mr. Chen Xun	43	—	43
	553	—	553
2017			
Mr. Chow Hiu Tung	128	304	432
Mr. Lau Tai Chim	128	304	432
Mr. Sin Ka King	64	—	64
Mr. Tsang Hing Hung	45	—	45
Mr. Lai Kwok Leung	48	304	352
	413	912	1,325

Mr. Chow Hiu Tung, Mr. Lau Tai Chim and Mr. Lai Kwok Leung resigned as independent non-executive directors on 19 September 2018. Mr. Hu Minglong was appointed as independent non-executive director on 8 February 2018 and re-designated as an executive director on 19 September 2018. Ms. Liu Shuyan, Prof. Lau Chi Pang JP, Mr. Zhang Yijun and Mr. Chen Xun were appointed as independent non-executive directors on 19 September 2018. There were no emoluments payable to the independent non-executive directors during the year (2017: Nil).

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive director

	Notes	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contribution RMB'000	Equity-settled share option expense RMB'000	Total RMB'000
2018						
Executive directors:						
Mr. Yuan Shan	a	–	84	–	–	84
Mr. Zhang De Cong	b	–	127	–	–	127
Mr. Wan Tat Wai David	c	–	443	–	–	443
Mr. Zheng Feng Wei	d	–	225	–	–	225
Ms. Liu Jie		–	205	–	–	205
Mr. Hu Guoan	e	–	225	–	–	225
Ms. Yang Xiaoqiu	f	–	227	–	–	227
Mr. Chen Gang	g	–	472	–	–	472
Mr. Hu Minglong	h	–	71	–	–	71
Mr. Li Yuguo	i	–	101	–	–	101
Mr. Rao Dacheng		–	470	–	–	470
Non-Executive director:						
Mr. Yang Xiaoqiang	k	–	58	–	–	58
		–	2,708	–	–	2,708
2017						
Executive directors:						
Mr. Yuan Shan	a	—	117	—	—	117
Mr. Zhang De Cong	b	—	147	—	304	451
Ms. Lee Suk Fong	j	—	181	—	—	181
Mr. Wan Tat Wai David	c	—	510	—	3,044	3,554
Mr. Zheng Feng Wei	d	—	510	—	3,044	3,554
Ms. Liu Jie		—	132	—	304	436
Mr. Hu Guoan	e	—	85	—	—	85
Mr. Rao Dacheng		—	329	—	3,044	3,373
		—	2,011	—	9,740	11,751

8. DIRECTORS' REMUNERATION (continued)

(b) Executive directors and non-executive director (continued)

a) Mr. Yuan Shan resigned as an executive director on 19 September 2018.

b) Mr. Zhang Decong resigned as an executive director on 19 September 2018.

c) Mr. Wan Tat Wai David was appointed as an executive director on 12 April 2016 and resigned on 19 September 2018 but remains as a director of subsidiary of the group.

d) Mr. Zheng Fengwei resigned as joint authorised representative and joint service agent on 8 February 2018 and retired as executive director on 8 June 2018.

e) Mr. Hu Guoan was appointed as an executive director on 30 October 2017 and retired on 8 June 2018.

f) Ms. Yang Xiaoqiu was appointed as an executive director, the Joint authorised representative and the Joint Service Agent on 8 February 2018.

g) Mr. Chen Gang was appointed as an executive director on 8 February 2018.

h) Mr. Hu Minglong was appointed as an independent non-executive Director on 8 February 2018 and was re-designated as an executive director and chief executive officer of the Group on 19 September 2018. Mr. Hu Minglong resigned as CEO of the Group on 26 October 2018 but remains as a executive director of the Group.

i) Mr. Li Yuguo was appointed as an executive director on 19 September 2018.

j) Ms. Lee Suk Fong was appointed as an executive director on 12 April 2016 and resigned on 9 May 2017.

k) Mr. Yang Xiaoqiang was appointed as a non-executive director and vice chairman to the board on 19 September 2018.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2017: three directors), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2017: two) highest paid employees who are not a director of the Company are as follows:

	2018 **RMB'000**	2017 RMB'000
Salaries, allowances and benefits in kind	**1,650**	2,267
Termination benefits	**222**	—
Equity-settled share option expense	**—**	14,810
Pension scheme contributions	**46**	64
	1,918	17,141

9. FIVE HIGHEST PAID EMPLOYEES (continued)

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2018	2017
Nil to HKD1,000,000	**3**	—
HKD1,000,001 to HKD1,500,000	**—**	2
	3	2

During the year ended 31 December 2018, RMB222,000 was paid by the Group to one of the five highest paid individuals as compensation for loss of office (2017: Nil).

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

Provision for the PRC corporate income tax ("CIT") is based on the CIT rate applicable to the subsidiaries located in Mainland China as determined in accordance with the relevant income tax rules and regulations of the PRC for the year ended 31 December 2018. The Group's subsidiaries located in Mainland China were subject to the PRC CIT rate of 25% during the year ended 31 December 2018.

10. INCOME TAX (continued)

	2018 RMB'000	2017 RMB'000
Current — Mainland China		
Charge for the year	—	1,030
Underprovision in prior years	224	16
Current — Hong Kong		
Charge for the year	82	—
Deferred (note 17)	(419)	(215)
Total tax (credit)/charge for the year	(113)	831

A reconciliation of income tax credit applicable to loss before tax at the applicable income tax rate in the PRC to income tax expense of the Group at the effective tax rate is as follows:

	2018 RMB'000	2017 RMB'000
Loss before tax	(49,766)	(42,397)
Tax at the statutory tax rate of 25%	(12,442)	(10,599)
Tax effect of different taxation rates in other tax jurisdictions	4,492	9,381
Adjustments in respect of current tax of previous years	224	16
Expenses not deductible for tax	56	1,115
Tax losses not recognised	2,196	918
Tax effect of temporary differences not recognised	5,361	—
Income tax (credit)/charge at the Group's effective rate	(113)	831

11. DIVIDENDS

The Board of directors does not recommend the payment of dividends to the ordinary equity holders of the Company for the year ended 31 December 2018 (2017: Nil).

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 3,870,000,000 (2017: 3,734,684,932) in issue during the year.

No adjustment had been made to the basic loss per share amounts presented for the years ended 31 December 2018 in respect of a dilution as the impact of the share options outstanding had an anti-dilutive effect on the basic loss per share amounts presented (2017: Nil).

The calculation of basic loss per share is based on:

	2018 RMB'000	2017 RMB'000
Loss		
Loss attributable to ordinary equity holders of the Company	**(49,528)**	(43,171)

	Number of shares	
	2018	2017
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**3,870,000,000**	3,734,684,932

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings and improvements RMB'000	Plant and machinery RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Mine infrastructure RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2018							
At 31 December 2017 and at 1 January 2018:							
Cost or valuation	1,857	3,217	3,318	2,171	15,239	1,094	26,896
Accumulated depreciation and impairment	(839)	(1,773)	(1,321)	(1,424)	(2,119)	–	(7,476)
Net carrying amount	1,018	1,444	1,997	747	13,120	1,094	19,420
At 1 January 2018, net of accumulated depreciation and impairment	1,018	1,444	1,997	747	13,120	1,094	19,420
Additions	–	–	10	–	–	–	10
Depreciation provided during the year	(402)	(319)	(692)	(399)	(948)	–	(2,760)
Impairment	(28)	(377)	(8)	(12)	(4,080)	(367)	(4,872)
Exchange realignment	24	–	2	24	–	–	50
At 31 December 2018, net of accumulated depreciation and impairment	612	748	1,309	360	8,092	727	11,848
At 31 December 2018:							
Cost or valuation	1,906	3,213	3,335	2,217	15,239	1,094	27,004
Accumulated depreciation and impairment	(1,294)	(2,465)	(2,026)	(1,857)	(7,147)	(367)	(15,156)
Net carrying amount	612	748	1,309	360	8,092	727	11,848
31 December 2017							
Cost:							
At 1 January 2017							
Cost or valuation	550	3,217	3,200	1,231	15,239	1,347	24,784
Accumulated depreciation and impairment	(391)	(1,401)	(625)	(917)	(1,226)	—	(4,560)
Net carrying amount	159	1,816	2,575	314	14,013	1,347	20,224
At 1 January 2017, net of accumulated depreciation and impairment	159	1,816	2,575	314	14,013	1,347	20,224
Additions	1,054	—	118	940	—	—	2,112
Depreciation provided during the year	(448)	(372)	(696)	(507)	(893)	—	(2,916)
Transfers	253	—	—	—	—	(253)	—
At 31 December 2017, net of accumulated depreciation and impairment	1,018	1,444	1,997	747	13,120	1,094	19,420
At 31 December 2017:							
Cost or valuation	1,857	3,217	3,318	2,171	15,239	1,094	26,896
Accumulated depreciation and impairment	(839)	(1,773)	(1,321)	(1,424)	(2,119)	—	(7,476)
Net carrying amount	1,018	1,444	1,997	747	13,120	1,094	19,420

13. PROPERTY, PLANT AND EQUIPMENT (continued)

As at 31 December 2018, no property, plant and equipment (31 December 2017: Nil) were pledged to a bank that provided a mortgage loan for the Group's equipment purchase.

As at 31 December 2018, the directors of the Group performed impairment assessment on non-financial assets of the marble block operating segment, which was a CGU containing property, plant and equipment, long-term prepayments and other intangible assets of Xiangyang Future Bright Mining Limited.

The impairment test was based on the recoverable amount of the cash-generating unit ("CGU"). The recoverable amount of the above CGU is determined based on a value-in-use calculation. The major underlying assumptions are summarised below:

The key assumptions for the value-in-use calculation are those regarding the discount rates, growth rates and expected changes in marble block excavation, sales volume and unit prices in upcoming years. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The growth rates are by reference to industry growth forecasts. Changes in sales volume and unit prices are based on past practices and expectations of future changes in the market.

The calculation uses cash flow projections based on financial budgets approved by management covering a fourteen-year period and a discount rate of 14%. Such a projection period was estimated based on the mine reserve and anticipated annual consumption volume.

In the opinion of the Company's directors, the carrying amount of the cash-generating unit had exceeded its recoverable amount by approximately RMB16,107,000 and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

The impairment loss was allocated to reduce the carrying amount of the assets of within the CGU pro rata on the basis of the carrying amount of each asset in the unit.

As at 31 December 2018, an impairment loss of RMB4,872,000 (2017: Nil) was provided for the property, plant and equipment associated with the marble blocks CGU.

14. LONG-TERM PREPAYMENTS

	Forest rental costs RMB'000	Farmland occupation tax RMB'000	Total RMB'000
31 December 2018			
Cost at 1 January 2018, net of accumulated amortisation	**354**	**400**	**754**
Additions	**—**	**320**	**320**
Amortisation provided during the year	**(25)**	**(115)**	**(140)**
Impairment	**(111)**	**(205)**	**(316)**
At 31 December 2018	**218**	**400**	**618**
At 31 December 2018:			
Cost	**499**	**827**	**1,326**
Accumulated amortisation and impairment	**(281)**	**(427)**	**(708)**
Net carrying amount	**218**	**400**	**618**
31 December 2017			
Cost at 1 January 2017, net of accumulated amortisation	379	162	541
Additions	—	305	305
Amortisation provided during the year	(25)	(67)	(92)
At 31 December 2017	354	400	754
At 31 December 2017:			
Cost	499	507	1,006
Accumulated amortisation	(145)	(107)	(252)
Net carrying amount	354	400	754

Forest rental costs represent the prepayment made to villagers for the use of parcels of forest land for mining activities at the Yiduoyan marble mine. Based on agreements entered into between Xiangyang Future Bright Mining Limited and the relevant villagers, Xiangyang Future Bright Mining Limited prepaid RMB499,000 to the relevant villagers for a right to use the said forest land for a period of 20 years from October 2011.

14. LONG-TERM PREPAYMENTS (continued)

As at 31 December 2018, the directors of the Group performed impairment assessment on non-financial assets of the marble block operating segment, which was a CGU containing property, plant and equipment, long-term prepayments and other intangible assets of Xiangyang Future Bright Mining Limited.

In the opinion of the Company's directors, an impairment loss of RMB16,107,000 should be provided and the impairment loss was allocated to reduce the carrying amount of the assets of within the CGU pro rata on the basis of the carrying amount of each asset in the unit.

As at 31 December 2018, an impairment loss of RMB316,000 (2017: Nil) was provided for the long-term prepayments associated with the marble blocks CGU.

15. GOODWILL

	RMB'000
Cost at 1 January 2017, net of accumulated impairment	—
Acquisition of a subsidiary	4,395
Exchange realignment	(146)
Net carrying amount	4,249
At 31 December 2017:	
Cost	4,249
Accumulated impairment	—
Net carrying amount	4,249
Cost at 1 January 2018, net of accumulated impairment	**4,249**
Impairment during the year	**(4,453)**
Exchange realignment	**204**
Cost and net carrying amount at 31 December 2018	**—**
At 31 December 2018:	
Cost	**4,453**
Accumulated impairment	**(4,453)**
Net carrying amount	**—**

15. GOODWILL (continued)

Impairment testing of goodwill

On 26 July 2017, the Group acquired 100% equity interest in Future Bright Finance Limited ("Future Bright Finance") for a total consideration of HKD7,239,000 (equivalent to approximately RMB6,260,000). The excess of the acquisition costs over the net fair value of Future Bright Finance's identifiable net assets was recorded as goodwill and allocated to the money lending operation of Future Bright Finance.

The impairment test was based on the recoverable amount of the cash-generating unit ("CGU"). The recoverable amount of the above CGU is determined based on a value-in-use calculation. The major underlying assumptions are summarised below:

The key assumptions for the value-in-use calculation are those regarding the discount rates, growth rates and expected changes in loan amount during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risk specific to the CGU. The growth rates are by reference to industry growth forecasts. Changes in loan amount are based on past practices and expectations of future changes in the market.

The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period and a discount rate of 14%. Cash flows beyond that five-year period have been extrapolated using declining growth rates until a steady 3% growth rate is reached. This growth rate does not exceed the long-term average growth rate for the market in which the Group operates.

In the opinion of the Company's directors, the CGU is expected to experience net outflow of cash in the five-year period and cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately RMB4,453,000. Any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

During the year ended 31 December 2018, the directors of the Group determined that an impairment of RMB4,453,000 was recognised for the above CGU containing goodwill.

The carrying amounts of goodwill are as follows:

	2018 **RMB'000**	2017 RMB'000
Future Bright Finance Limited — money lending CGU	–	4,249
	–	4,249

16. OTHER INTANGIBLE ASSETS

	Money lending licence RMB'000	Mining right RMB'000	Total RMB'000
31 December 2018			
Cost at 1 January 2018, net of accumulated amortisation	**418**	**35,522**	**35,940**
Exchange realignment	**19**	**—**	**19**
Impairment	**—**	**(10,919)**	**(10,919)**
Amortisation provided during the year	**—**	**(2,966)**	**(2,966)**
At 31 December 2018	**437**	**21,637**	**22,074**
At 31 December 2018:			
Cost	**437**	**42,600**	**43,037**
Accumulated amortisation and impairment	**—**	**(20,963)**	**(20,963)**
Net carrying amount	**437**	**21,637**	**22,074**
31 December 2017			
Cost at 1 January 2017, net of accumulated amortisation	—	37,908	37,908
Acquisition of a subsidiary	432	—	432
Exchange realignment	(14)	—	(14)
Amortisation provided during the year	—	(2,386)	(2,386)
At 31 December 2017	418	35,522	35,940
At 31 December 2017:			
Cost	418	42,600	43,018
Accumulated amortisation	—	(7,078)	(7,078)
Net carrying amount	418	35,522	35,940

The mining right represents the right for the mining of marble reserves at the Yiduoyan mine which is located in Nanzhang County, Hubei Province, the PRC. The mine is operated by Xiangyang Future Bright Mining Limited. The local government granted the mining permit to Xiangyang Future Bright Mining Limited for a term of 10 years from 30 December 2011 to 30 December 2021 with a production capacity of 20,000 cubic metres per annum.

As at 31 December 2018, the directors of the Group performed impairment assessment on the non-financial assets of the marble block operating segment, which was a CGU containing property, plant and equipment, long-term prepayments and other intangible assets of Xiangyang Future Bright Mining Limited. Please refer to note 13 for major underlying assumptions.

16. OTHER INTANGIBLE ASSETS (continued)

In the opinion of the Company's directors, an impairment loss of RMB16,107,000 should be provided and the impairment loss was allocated to reduce the carrying amount of the assets of within the CGU pro rata on the basis of the carrying amount of each asset in the unit.

As at 31 December 2018, an impairment loss of RMB10,919,000 (2017: Nil) was provided for the mining right of the the marble blocks CGU.

The money lending licence was acquired in a business combination and was recognised at fair value at the acquisition date using market method. The licence has an indefinite life and is carried at cost less accumulated impairment losses.

As at 31 December 2018, the directors of the Group performed impairment assessment on money lending licence based on fair value less costs to sell calculation and was of the opinion that no provision for impairment was needed.

17. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Depreciation difference of plant and machinery between IFRSs and PRC tax regulations RMB'000	**Fair value adjustments arising from acquisition of subsidiaries** RMB'000	**Total** RMB'000
At 1 January 2017	532	9,424	9,956
Acquisition of a subsidiary	—	71	71
Exchange differences	—	(2)	(2)
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	372	(587)	(215)
At 31 December 2017 and 1 January 2018	**904**	**8,906**	**9,810**
Deferred tax charged/(credited) to the statement of profit or loss during the year (note 10)	**317**	**(736)**	**(419)**
Exchange differences	**—**	**4**	**4**
At 31 December 2018	**1,221**	**8,174**	**9,395**

17. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

Deferred tax assets and liabilities related to the PRC subsidiary have been provided at an enacted corporate income tax rate of 25%.

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2018 RMB'000	2017 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	(9,395)	(9,810)
	(9,395)	(9,810)

Deferred tax assets have not been recognised in respect of the following items:

	2018 RMB'000	2017 RMB'000
Deductible temporary differences	22,674	—
Tax losses	12,532	8,545

Deferred tax assets have not been recognised in respect of tax losses amounting to RMB12,532,000 and RMB8,545,000 as at 31 December 2018 and 31 December 2017, respectively. The tax losses amounting to RMB2,108,000 as at 31 December 2018 (2017: RMB3,408,000) will expire within the next 5 years for offsetting against future taxable profits. The tax losses of RMB10,424,000 as at 31 December 2018 (2017: RMB5,137,000) are available indefinitely for offsetting against future taxable profits in Hong Kong. Deferred tax assets have not been recognised as it is not considered probable that taxable profits will be available against which the above tax losses can be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors.

The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

Pursuant to the resolution of the board of directors of the Company, the PRC subsidiaries' profits generated from 1 January 2008 onwards will be retained by the PRC subsidiaries for use in future operations or investments in Mainland China. In the opinion of the directors, it is not probable that the PRC subsidiaries will distribute such earnings in the foreseeable future. There was no temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised (2017: RMB318,000).

18. INVENTORIES

	2018 RMB'000	2017 RMB'000
Finished goods	2,584	718
Materials and supplies	1,285	1,669
	3,869	2,387

19. TRADE RECEIVABLES

	2018 RMB'000	2017 RMB'000
Trade receivables	34,405	34,285
Impairment	(3,334)	—
	31,071	34,285

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2018 RMB'000	2017 RMB'000
Within 6 months	8,422	12,673
6 months to 12 months	107	16,346
Over 12 months	22,542	5,266
	31,071	34,285

19. TRADE RECEIVABLES (continued)

The movements in the loss allowance for impairment of trade receivables are as follows:

	2018 RMB'000	2017 RMB'000
At beginning of year	—	—
Impairment losses (note 6)	3,325	—
Exchange differences on translation of foreign operations	9	—
At end of year	3,334	—

Impairment under IFRS 9 for the year ended 31 December 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for each customer. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2018

		Past due			
	Current	Less than 3 month	3 to 6 months	Over 6 months	Total
Expected credit loss rate	3%	3.75%	4.26%	23.18%	9.69%
Gross carrying amount (RMB'000)	8,681	1,973	13,241	10,510	34,405
Expected credit losses (RMB'000)	260	74	564	2,436	3,334

Impairment under IAS 39 for the year ended 31 December 2017

The ageing analysis of the trade receivables as at 31 December 2017 that were not individually nor collectively considered to be impaired under IAS 39 is as follows:

	2017 RMB'000
Neither past due nor impaired	29,019
1 to 3 months past due	—
3 to 6 months past due	—
Over 6 months past due	5,266
	34,285

19. TRADE RECEIVABLES (continued)

Impairment under IAS 39 for the year ended 31 December 2017 (continued)

Receivables that were neither past due nor impaired relate to a customer for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors of the Company were of the opinion that no provision for impairment under IAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2018 RMB'000	2017 RMB'000
Prepayments	18,942	2,938
Deposits and other receivables	4,050	6,700
Interests receivable	262	234
Others	44	126
	23,298	9,998
Impairment allowance	(262)	—
	23,036	9,998

The movements in the loss allowance for impairment of other receivables are as follows:

	2018 RMB'000	2017 RMB'000
At beginning of year	—	—
Impairment losses (note 6)	256	—
Exchange differences on translation of foreign operations	6	—
At end of year	262	—

Deposits and other receivables mainly represent rental deposits and deposits with suppliers. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied for where there are no comparable companies as at 31 December 2018 was 6%.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 RMB'000	2017 RMB'000
Listed equity investments, at fair value	**8,774**	11,489

The above equity investments at 31 December 2018 were classified as financial assets at fair value through profit or loss.

22. LOANS RECEIVABLE

	Note	2018 RMB'000	2017 RMB'000
Loans receivable due from			
— Third parties	(a,b,c)	**11,082**	5,852
Less: Impairment		**(3,056)**	—
		8,026	5,852

(a) On 15 March 2018, Future Bright Finance, a subsidiary within the Group, signed loan agreements to extend two loans, each loan amounting to HKD3,500,000 (equivalent to approximately RMB3,067,000) to two third parties. These loans are pledged by each borrower's securities accounts, within which the value of share is not less than HKD5,000,000, bear interest at a fixed rate of 24% per annum and have a maturity date on 28 August 2018, respectively.

(b) On 15 March 2018, Future Bright Finance signed a loan agreement to provide a loan amounting to HKD2,648,000 (equivalent to approximately RMB2,320,000) to a third party. The loan is secured by personal guarantee, bear interest at a fixed rate of 12% per annum and have a maturity date on 18 October 2018.

(c) On 16 April 2018, Future Bright Finance signed a loan agreement to provide a loan, amounting to HKD3,000,000 (equivalent to approximately RMB2,628,000) to a third party. The loan is pledged by borrower's securities accounts, within which the value of share is not less than HKD5,000,000, bear interest at a fixed rate of 15% per annum and have a maturity date on 18 October 2018.

An impairment analysis is performed at each reporting date. The stage 3 lifetime approach is used, and the assumptions are based on the repayments of interest, the value of the pledged security accounts and the expected repayment period of the loan. As at 31 December 2018, an impairment allowance of RMB3,056,000 was provided (2017: Nil) as the above loans had expired and no extension agreements had been signed.

22. LOANS RECEIVABLE (continued)

The movements in the loss allowance for impairment of loan receivables are as follows:

	2018 RMB'000	2017 RMB'000
At beginning of year	–	—
Impairment losses (note 6)	2,986	—
Exchange differences on translation of foreign operations	70	—
At end of year	3,056	—

23. CASH AND CASH EQUIVALENTS

	2018 RMB'000	2017 RMB'000
Cash and bank balances	2,655	19,270

At the end of the reporting period, the cash and bank balances of the Group denominated in HKD amounted to RMB1,933,000 (2017: RMB16,926,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

24. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2018 RMB'000	2017 RMB'000
Within 1 month	–	150
1 to 2 months	–	—
2 to 3 months	–	—
Over 3 months	480	—
	480	150

The trade payables are non-interest-bearing and is normally settled on terms ranging from 1 to 60 days.

25. OTHER PAYABLES AND ACCRUALS

	Notes	2018 RMB'000	2017 RMB'000
Payroll accruals		**1,274**	770
Other payables	(a)	**2,428**	1,694
Accrued expenses		**1,752**	—
Contract liabilities	(b)	**3,891**	—
		9,345	2,464

Notes:

(a) Other payables are unsecured, non-interest-bearing and repayable on demand.

(b) Details of contract liabilities as at 31 December 2018 and 1 January 2018 are as follows:

	31 December 2018 RMB'000	1 January 2018 RMB'000
Short-term advances received from customers		
Sale of goods	**3,891**	—
Total contract liabilities	**3,891**	—

Contract liabilities include short-term advances received to provide goods to customers. The increase in contract liabilities in 2018 was mainly due to the increase in short-term advances received from customers in relation to the sale of goods at the end of the year.

26. PROVISION FOR REHABILITATION

	2018 RMB'000	2017 RMB'000
At the beginning of year	**1,108**	1,038
Unwinding of discount (note 7)	**74**	70
At the end of year	**1,182**	1,108

26. PROVISION FOR REHABILITATION (continued)

A provision for rehabilitation is mainly recognised for the present value of estimated costs to be incurred for the restoration of tailing ponds and the removal of the processing plants in complying with the Group's obligations for the closure and environmental restoration and clean-up on completion of the Group's mining activities. These costs are expected to be incurred on mine closure, based on the estimated rehabilitation expenditures at the mine when the mining permit expires, and are discounted at a discount rate of 6.55%. Changes in assumptions could significantly affect these estimates. Over time, the discounted provision is increased for the change in present value based on the discount rate that reflects market assessments and risks specific to the provision. The periodic unwinding of the discount is recognised in profit or loss as part of the interest expenses.

27. SHARE CAPITAL

Shares

	2018 **RMB'000**	2017 RMB'000
Issued and fully paid:		
3,870,000,000 (2017: 3,870,000,000) ordinary shares	**3,087**	3,087

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital** RMB'000	**Share premium account** RMB'000	**Total** RMB'000
At 1 January 2017	3,520,000,000	2,782	58,174	60,956
Share placing	350,000,000	305	62,912	63,217
Share issue expenses	—	—	(1,769)	(1,769)
At 31 December 2017 and 1 January 2018	3,870,000,000	3,087	119,317	122,404
At 31 December 2018	**3,870,000,000**	**3,087**	**119,317**	**122,404**

28. RESERVES

The amounts of the Group's reserves and the movements therein for the year ended 31 December 2018 and prior years are presented in the consolidated statement of changes in equity on page 61 of the financial statements.

Capital reserve

The capital reserve represents the capital contribution from the shareholders of Gold Title Investments Limited prior to the incorporation of the Company and the capital contribution from the shareholders of the Company.

28. RESERVES (continued)

Contributed reserve
The Group's contributed reserve mainly represents the excess of (a) the fair value of the identifiable net assets of Future Bright (H.K.) Investment Limited and its subsidiary at the date of acquisition, over (b) the consideration paid to the former owner of Future Bright (H.K.) Investment Limited who was also a shareholder of Gold Title Investments Limited.

Safety fund surplus reserve
Pursuant to the *Notice regarding Safety Production Expenditure* jointly issued by the Ministry of Finance and the State Administration of Work Safety of the PRC in February 2012, the Group is required to establish a safety fund surplus reserve based on the volume of marble blocks extracted. The safety fund can only be transferred to retained earnings to offset safety related expenses as and when they are incurred, including expenses related to safety protection facilities and equipment improvement and maintenance as well as safety production inspection, appraisal, consultation and training.

Statutory reserve fund
In accordance with the relevant PRC regulations applicable to wholly-foreign-owned companies, certain entities within the Group are required to allocate a certain portion (not less than 10%), as determined by their Boards of Directors, of their profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until such reserve reaches 50% of the registered capital.

The SRF is non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

In accordance with the relevant regulations and the articles of association, a subsidiary registered in the PRC as a domestic company is required to appropriate 10% of its net profit (after offsetting accumulated losses from prior years) to the statutory surplus reserve. After the balance of such reserve reaches 50% of the entity's capital, any further appropriation is at the discretion of the Company. The statutory surplus reserve can be utilised to offset accumulated losses or increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the capital after such usages.

Share option reserve
At 31 December 2017, the Company had 352,000,000 share options outstanding, with fair value of HK34,412,000 (RMB29,105,000) at the date of grant. In 2018, the Company received valid acceptances of the Option offer to cancel all outstanding options of the Company. The share option reserve of RMB29,105,000 was transferred to accumulated losses.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions
During the year, the Group did not enter any non-cash transactions (2017: Nil).

(b) Changes in liabilities arising from financing activities
During the year, no changes in liabilities of the Group are arising from financing activities (2017: Nil).

30. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to four years. At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2018 RMB'000	2017 RMB'000
Within one year	**2,008**	1,492
In the second to fourth years, inclusive	**723**	757
	2,731	2,249

31. COMMITMENTS

In addition to the operating lease commitments detailed in note 30 above, the Group had the following capital commitments at the end of the reporting period:

	2018 RMB'000	2017 RMB'000
Authorized, but not contracted for:		
Property, plant and equipment	**27,752**	28,038

32. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group:

	2018 RMB'000	2017 RMB'000
Salaries, allowances and benefits in kind	**4,290**	3,765
Termination benefits	**222**	—
Equity-settled share option expense	**—**	28,193
Pension scheme contributions	**77**	137
	4,589	32,095

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

(b) Outstanding balances with related parties

The Group had an outstanding balance due to its ultimate controlling shareholder of RMB4,152,000 (2017: Nil) as at the end of the reporting period. This balance is unsecured, interest-free and has no fixed terms of repayment.

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

As at 31 December 2018

Financial assets

	Financial assets at fair value through profit or loss for trading RMB'000	Loans and held receivables RMB'000	Total RMB'000
Trade receivables	–	31,071	31,071
Equity investments at fair value through profit or loss	8,774	–	8,774
Financial assets included in prepayments, other receivables and other assets	–	4,094	4,094
Loans receivable	–	8,026	8,026
Cash and cash equivalents	–	2,655	2,655
	8,774	45,846	54,620

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	480	480
An amount due to the ultimate controlling shareholder	4,152	4,152
Financial liabilities included in other payables and accruals	4,180	4,180
	8,812	8,812

33. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

As at 31 December 2017

Financial assets

	Financial assets at fair value through profit or loss for trading RMB'000	Loans and held receivables RMB'000	Total RMB'000
Trade receivables	—	34,285	34,285
Equity investments at fair value through profit or loss	11,489	—	11,489
Financial assets included in prepayments, other receivables and other assets	—	6,934	6,934
Loans receivable	—	5,852	5,852
Cash and cash equivalents	—	19,270	19,270
	11,489	66,341	77,830

Financial liabilities

	Financial liabilities at amortised cost RMB'000	Total RMB'000
Trade payables	150	150
Financial liabilities included in other payables and accruals	1,694	1,694
	1,844	1,844

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2018	2017	**2018**	2017
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Financial assets at fair value through profit or loss	**8,774**	11,489	**8,774**	11,489

Management has assessed that the fair values of cash and cash equivalents, trade receivables, loan receivable and financial assets included in prepayments, other receivables and other assets, approximate to their carrying amounts largely due to the short-term maturities of these instruments. Financial liabilities included trade payables, other payables and accruals, an amount due to the ultimate controlling shareholder.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of listed equity investments are based on quoted market prices.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Financial assets at fair value through profit or loss	**8,774**	**–**	**–**	**8,774**

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	11,489	—	—	11,489

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as prepayments and other receivables and other payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group's exposure to foreign currency risk relates to the Group's bank deposits denominated in HKD.

The Group has not entered into any hedging transactions to manage the potential fluctuation in foreign currencies. Management monitors the Group's foreign currency exposure and will consider hedging significant foreign currency exposure when the needs arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HKD exchange rate, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in HKD rate	Increase/(decrease) in loss before tax	
		2018	2017
	%	**RMB'000**	RMB'000
If RMB weakens against HKD	5%	**1,559**	925
If RMB strengthens against HKD	5%	**(1,559)**	(925)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging as at 31 December 2018

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2018. The amounts presented are gross carrying amounts for financial assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

	12 month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	31,071	31,071
Loan receivables**	—	—	8,026	—	8,026
Financial assets included in prepayments, other receivables and other assets					
— Normal***	4,094	—	—	—	4,094
— Doubtful***	—	—	—	—	—
	4,094	—	8,026	31,071	43,191

* For trade receivables which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 19 to the financial statements.

** For loan receivable which the Group applies the stage 3 lifetime ECL approach for impairment, information is disclosed in notes 22 to the financial statements.

*** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Maximum exposure as at 31 December 2017
The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, loans receivable and other receivables arise from default of the counter party, with a maximum exposure equal to the carrying amounts of these instruments.

Concentrations of credit risk are managed by customer/counterparty, by geographical region and by industry sector. At the end of the reporting period, the Group had certain concentrations of credit risk as 5.85% (2017: 40.76%) and 35.58% (2017: 77.47%) of the Group's trade receivables were due from the Group's largest customer and the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the financial statements.

Liquidity risk
The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing borrowings and advances from the shareholders.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

As at 31 December 2018

	On demand RMB'000	Less than 3 months RMB'000	Total RMB'000
Trade payables	**480**	**—**	**480**
An amount due to the ultimate controlling shareholder	**4,152**	**—**	**4,152**
Financial liabilities included in other payables and accruals	**4,180**	**—**	**4,180**
	8,812	**—**	**8,812**

Year ended 31 December 2017

	On demand RMB'000	Less than 3 months RMB'000	Total RMB'000
Trade payables	150	—	150
Financial liabilities included in other payables and accruals	1,694	—	1,694
	1,844	—	1,844

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2018 and 31 December 2017.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using a gearing ratio, which equals to its net debt (total debts net of cash and bank balances) divided by total equity. Net debt includes trade payables, other payables and accruals and an amount due to the ultimate controlling shareholder, less cash and cash equivalents. Capital includes convertible bonds and equity attributable to owners of the Company, less cash flow hedging reserve. The gearing ratios as at the end of the reporting periods were as follows:

	2018 RMB'000	2017 RMB'000
Trade and bills payables (note 24)	**480**	150
Other payables and accruals (note 25)	**5,454**	2,464
An amount due to the ultimate controlling shareholder	**4,152**	—
Less: Cash and cash equivalents	**(2,655)**	(19,270)
Net debt	**7,431**	(16,656)
Equity attributable to owners of the Company	**83,089**	N/A
Capital and net debt	**90,520**	N/A
Gearing ratio	**8.21%**	N/A

36. EVENTS AFTER THE REPORTING PERIOD

1. On 28 February 2019, the Group entered into a sales and purchase agreement with an independent third party to dispose of the entire equity interest of Gogo Education Group Limited for a cash consideration of HKD185,000. This transaction is scheduled to be completed before 30 April 2019 and expected to result in a gain on disposal before tax of approximately HKD90,000.

2. On 28 February 2019, the Group entered into a sales and purchase agreement with an independent third party to dispose of the entire equity interest of Future Bright Enterprise Group Limited for a cash consideration of HKD300,000. This transaction is scheduled to be completed before 30 April 2019 and expected to result in a loss on disposal before tax of approximately HKD180,000.

3. On 15 March 2019, the Group entered into a sales and purchase agreement with an independent third party to dispose of a 51% equity interest of Future Bright Manganese Company Limited for a cash consideration of HKD5,650,000. This transaction is scheduled to be completed before 30 June 2019 and expected to result in a gain on disposal before tax of approximately HKD40,000.

4. On 20 March 2019, the Group entered into a sales and purchase agreement with an independent third party to dispose of the entire equity interest of Future Bright Finance Limited for a cash consideration of HKD10,000,000. This transaction is scheduled to be completed before 30 June 2019 and expected to result in a gain on disposal before tax of approximately HKD400,000.

5. On 22 March 2019, the Group entered into a sales and purchase agreement with one of the other existing shareholders of Future Bright Lithium Technology Company Limited to dispose of the 51% equity interest of the said company for a cash consideration of HKD5,240,000. This transaction is scheduled to be completed before 30 June 2019 and expected to result in a gain on disposal before tax of approximately HKD9,000. This disposal constituted an exempted connected transaction under Listing Rules.

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2018 RMB'000	2017 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	**28,680**	28,680
CURRENT ASSETS		
Due from subsidiaries	**94,885**	87,905
Prepayments, other receivables and other assets	**1,248**	70
Cash and cash equivalents	**930**	6,630
Total current assets	**97,063**	94,605
CURRENT LIABILITIES		
Other payables and accruals	**1,881**	9
Amounts due to subsidiaries	**1,594**	1,931
An amount due to the ultimate controlling shareholder	**4,152**	—
Total current liabilities	**7,627**	1,940
NET CURRENT ASSETS	**89,436**	92,665
TOTAL ASSETS LESS CURRENT LIABILITIES	**118,116**	121,345
Net assets	**118,116**	121,345
EQUITY		
Issued capital	**3,087**	3,087
Reserves (note 37)	**115,029**	118,258
Total equity	**118,116**	121,345

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Share option reserve RMB'000	Contributed reserve RMB'000	Foreign currency translation reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
At 1 January 2017	58,409	—	20,868	5,881	(16,869)	68,289
Loss for the year	—	—	—	—	(35,963)	(35,963)
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	—	—	—	(4,316)	—	(4,316)
Total comprehensive loss for the year	—	—	—	(4,316)	(35,963)	(40,279)
Share placing	62,912	—	—	—	—	62,912
Share issue expenses	(1,769)	—	—	—	—	(1,769)
Issue of share options	—	29,105	—	—	—	29,105
At 31 December 2017	119,552	29,105	20,868	1,565	(52,832)	118,258
At 1 January 2018	**119,552**	**29,105**	**20,868**	**1,565**	**(52,832)**	**118,258**
Loss for the year	**–**	**–**	**–**	**–**	**(7,517)**	**(7,517)**
Cancellation of share options	**–**	**(29,105)**	**–**	**–**	**29,105**	**–**
Other comprehensive income for the year:						
Exchange differences on translation of foreign operations	**–**	**–**	**–**	**4,288**	**–**	**4,288**
Total comprehensive loss for the year	**–**	**(29,105)**	**–**	**4,288**	**21,588**	**(3,229)**
At 31 December 2018	**119,552**	**–**	**20,868**	**5,853**	**(31,244)**	**115,029**

The Company's contributed reserve mainly represents the excess of (a) the fair value of the identifiable net assets of Future Bright (H.K.) Investment Limited and its subsidiary at the date of acquisition, over (b) the consideration paid to the former owner of Future Bright (H.K.) Investment Limited who was also a shareholder of Gold Title Investments Limited.

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 28 March 2019.

FINANCIAL SUMMARY

RESULTS

	Year ended 31 December				
	2018	2017	2016	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	**38,746**	42,540	12,909	11,271	2,858
Loss before tax	**(49,766)**	(42,397)	(10,905)	(1,463)	(12,459)
Income tax credit/(expense)	**113**	(831)	(1,004)	(1,301)	225
Loss for the year attributable to:					
Owners of the Company	**(49,528)**	(43,171)	(11,909)	(2,764)	(12,234)
Non-controlling interests	**(125)**	(57)	—	—	—
	(49,653)	(43,228)	(11,909)	(2,764)	(12,234)
Loss for the year attributable to owners of the Company:					
Basic and diluted	**RMB1.28 cents**	RMB1.16 cents	RMB0.34 cents	RMB0.08 cents	RMB5.6 cents

	As at 31 December				
	2018	2017	2016	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total assets	**111,971**	143,644	100,355	107,915	66,747
Total liabilities	**(24,638)**	(14,006)	(14,458)	(12,811)	(24,745)
Net assets	**87,333**	129,638	85,897	95,104	42,002
Equity attributable to:					
Owners of the Company	**83,089**	129,695	85,897	95,104	42,002
Non-controlling interests	**4,244**	(57)	—	—	—
	87,333	129,638	85,897	95,104	42,002

Future Bright Mining Holdings Limited

高鵬礦業控股有限公司